

MILITARY CONSTRUCTION AND VETERANS AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2011

TUESDAY, MARCH 23, 2010

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Tim Johnson (chairman) presiding.

Present: Senators Johnson, Pryor, Hutchison, Collins, and Murkowski.

DEPARTMENT OF DEFENSE

STATEMENT OF HON. ROBERT F. HALE, UNDER SECRETARY OF DEFENSE (COMPTROLLER)

ACCOMPANIED BY:

DOROTHY ROBYN, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

DEREK MITCHELL, PRINCIPAL DEPUTY ASSISTANT SECRETARY FOR ASIAN AND PACIFIC SECURITY AFFAIRS

OPENING STATEMENT OF SENATOR TIM JOHNSON

Senator JOHNSON. Good morning. This hearing will come to order. I welcome everyone to today's hearing to discuss the President's fiscal year 2011 budget request for military construction and family housing, as well as overseas contingency operations.

We have two panels today. The first panel includes the DOD Comptroller, Mr. Bob Hale; Dr. Dorothy Robyn, Deputy Under Secretary for Installations and Environment; and Mr. Derek Mitchell, Principal Deputy Assistant Secretary for Asian and Pacific Security Affairs. Thank you all for coming.

Our procedure is to have opening statements by the chairman and ranking member, followed by opening statements from our witnesses. I request that our members limit their questions to 6-minute rounds.

I apologize in advance to our witnesses, but I will have to leave in a few minutes for the White House for the bill signing of the healthcare legislation. I have asked my able ranking member, Senator Hutchison, to chair the hearing in my absence.

The fiscal year 2011 Milcon request totals \$18.75 billion, excluding overseas contingency funding. It addresses a number of major DOD policy initiatives, including the execution of the QDR recommendations, the completion of the 2005 BRAC round, the Ma-

rine Corps realignment to Guam, and the increased focus within the Department on renewable energy and energy security.

On top of this, the budget also provides \$1.8 billion in overseas contingency Milcon to support the war in Afghanistan. By any measure, this is a major undertaking. There are many moving pieces and many challenges to executing this request.

I have a number of questions which I will submit for the record.

Senator Hutchison, would you care to make an opening statement?

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Yes, Mr. Chairman. I apologize. We had the TSA nominee in my other committee where I am also ranking member. So that is why I am late. But I do have an opening statement because I have some great concerns.

First of all, I want to say that I am pleased that we are close to finishing the BRAC commitments that we have made, and one thing that our committee has been very firm about is that BRAC be fully funded so that we can meet the deadline of 2011. And in the main, it looks like we will meet that deadline. There will be some slippage I know, but I am pleased about that.

The concerns that I have are in the global defense posture. It seems to me that Congress has passed the Overseas Basing Commission, and the beginning of that was being implemented where we had the commitment to bring home as many troops as possible back to the United States, particularly from Germany and Korea where the training capabilities and the facilities were better addressed in the United States.

Overall, the Milcon budget had significant reductions in each of the last 2 years, but the request before us cuts funding but adds more in Europe. And that is my big concern. The Quadrennial Defense Review recommends retaining four brigade combat teams in Europe, rather than the current stationing plan to reduce the number to two. I have raised this issue with the Secretary of Defense and the Army Chief of Staff because I am concerned that it will disrupt the commitment to return our forces to the United States that was announced several years ago. Approximately 70,000 was the number. We can provide better training, better quality of life for them and stability for their families.

I am also concerned that it will disrupt the extensive military construction already in progress to take those two brigade combat teams that were planned in the Overseas Basing Commission. The sooner that we can get our service men and women and into the new state-of-the-art facilities, the sooner we will live up to our commitments to provide for them in a way that we should as a Nation. Our troops can deploy to any region of the world from the United States just as easily as they can from Europe and in some cases more so.

The concern that I have too is with the increase of the building in Germany in particular. I will have a question about how much of that burden is going to be shared with the host country. Germany has not been forthcoming in the past in sharing expenses and they have higher quality requirements which make military construction more costly. Not counting the construction require-

ments that are specifically related to Afghanistan, our specified overseas Milcon request is \$2 billion. That is huge. Now you see \$513 million of that are for Germany. This includes \$186 million for Wiesbaden Army Base, four new barracks at Grafenwoehr for \$75 million, a training facility. Those are just examples. As our services consolidated our forces in fewer facilities to save O&M costs, we have to build some facilities, but I am concerned about the amount that I am seeing and I want to know what is the sharing that is going to be anticipated.

In addition, you have got in the budget \$439 million for school construction, much of it overseas. I understand the overall plan calls for replacing or renovating 109 schools over 5 years at a cost of over \$4 billion. While I recognize that we have an obligation to provide quality schools for the children of our military personnel serving overseas, I am concerned that these requirements are not consistent with our future force requirements and posture. So I would like to have a little more specificity about those schools.

And then there is the Guam relocation. We know that there is now a plan to relocate 8,000 marines from Okinawa to Guam to establish a joint base in Guam, and yet we are now seeing from the Environmental Protection Agency, as well as the Government of Guam, that they do not believe that their infrastructure will in any way be able to accommodate this kind of influx of the requirements for the building of this marine base in Guam. And there is even an EPA statement that says it is not ready and should not be done.

And then you have got the relocation of the Guantanamo Bay detainees. The Department of Defense is requesting \$350 million in the 2011 defense bill for an overseas contingency operations transfer fund to renovate the prison in Thompson, Illinois for the relocation of Guantanamo Bay detainees. All of this funding is included within the administration's defense bill request, but as I understand it, \$150 million will go toward military construction to renovate the portion of the prison that would house the detainees. I am going to ask you to speak to this issue, Mr. Hale, because I will be interested to know why the military construction funds are not in the military construction request.

I am concerned about this plan in general. We have an excellent facility in Guantanamo to house these detainees that was constructed at great expense. So I question the basis of this.

So there are a lot of questions I have today, and these are just to highlight some of the issues. It may be that I am going to request more meetings on this, particularly in regards to building more facilities in Korea and Germany, which is exactly the opposite of what Congress passed a law to reduce rather than add, and at a time when NATO is not fulfilling its full responsibilities in the wars in Afghanistan and Iraq, which are wars against terrorist activities that affect all of the NATO countries—so I think there are some major issues here that are going to take more than maybe even one hearing. And I am very, very concerned, as I have stated.

So thank you, Mr. Chairman, for holding the hearing, and I look forward to questioning the witnesses.

Senator JOHNSON. Thank you, Senator Hutchison.

Secretary Hale, Dr. Robyn, Mr. Mitchell, thank you again for appearing before our panel today and thank you all for all that you do on behalf of our Nation's military troops and their families.

Your prepared statements will be placed in the record. So I ask you to summarize your remarks to allow adequate time for questions.

Senator Hutchison, I will now turn the gavel over to you, and I thank you for chairing this hearing in my absence.

Senator HUTCHISON [presiding]. Thank you, Mr. Chairman.

Did you ask other members to make opening statements or did we—

Senator JOHNSON. It is your option to ask other members.

Senator HUTCHISON. Does anyone want to? Okay. Then I think we should go directly to questions.

Since I have made an opening statement, I will ask my colleagues to go first on questions, after which I will have several questions.

Senator JOHNSON. Their testimony should be first.

Senator HUTCHISON. Oh, I am so sorry.

Mr. HALE. I will keep it short.

Senator HUTCHISON. Mr. Hale, why do you not go first? Thank you very much.

SUMMARY STATEMENT OF HON. ROBERT F. HALE

Mr. HALE. Thank you. Members of the subcommittee, thank you for the opportunity to discuss the military construction portion of the fiscal year 2011 budget.

First off, let me say on behalf of all of us in DOD, I want to thank you for your support for the men and women in the armed forces. We could not accomplish our mission without your assistance, and it is appreciated.

I submitted a statement for the record. Let me summarize it briefly.

For 2011, the President's base budget asks for \$549 billion in discretionary budget authority, about a 1.8 percent increase after adjustment for inflation. Over the next 5 years, the growth average is 1 percent a year.

The budget contains some vital reforms that I will mention in a minute, and it builds on the conclusions of the Quadrennial Defense Review.

The budget furthers the Secretary's three overarching goals. First, it reaffirms our commitment to take care of the all-volunteer force, which is our highest priority.

Second, it continues to rebalance this force to focus on today's wars, while continuing to provide basic capability for the future.

And third, our request reforms how and what we buy by overhauling procurement, acquisition, and contracting, and includes termination of seven programs that are performing poorly or are no longer needed, including the C-17 and the alternate engine for the Joint Strike Fighter.

For military construction and family housing, our request is \$18.7 billion. That is about 20 percent less than 2010, but the reduction is due to a \$5.2 billion decrease in funding for base realignment and closure, BRAC. As you know, 2011 is the final year of

implementation, and most of the major capital investments have occurred. If you exclude BRAC and family housing, our Milcon request is actually \$1.1 billion, or 8.4 percent higher than in 2010, which is one of the fastest growing accounts in our budget. The request supports facilities for the new Army Modular Force units, the relocation of marines from Okinawa to Guam, and the recapitalization of DOD schools.

Our family housing request is \$1.8 billion, which is 19 percent, or \$436 million less than last year, but we believe we have met all of our high priority requirements. Congress added \$300 million to the DOD budget for the expanded homeowners assistance program in 2010. The omission of those funds in the 2011 request accounts for most of the decline in that area of the budget.

In addition to the base budget, our 2011 budget request includes \$159.3 billion for overseas contingency operations, and that includes \$1.3 billion for military construction for Afghanistan. Additionally, we are requesting for \$33 billion for a supplemental in 2010 to cover the cost of deploying an additional 30,000 troops the President has ordered to Afghanistan. That includes half a billion for military construction in Afghanistan.

Last, I will briefly mention the \$7.4 billion the Department received last year under the American Recovery and Reinvestment Act, better known as the stimulus bill, which is allowing us to execute 4,400 projects, including a number of major military construction projects. As of February 17, 2010, the first anniversary of the stimulus bill, we had obligated about 60 percent of the funds received.

Mr. Chairman, we believe that the 2011 budget request is the right one for our time. It asks for the minimum resources we need to meet our critical national security objectives, and it includes what I believe is a strong military construction program. I urge your support.

Again, I want to thank you for your support for the men and women in the military.

PREPARED STATEMENT

Dr. Robyn has a statement. Mr. Mitchell is here to help us answer questions on Guam, so he does not have a statement. So after Dr. Robyn finishes, we will be glad to turn to questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ROBERT F. HALE

Mr. Chairman, members of the committee, thank you for the opportunity to discuss the Military Construction portion of the fiscal year 2011 budget request for the Department of Defense.

On behalf of all of us at DOD, I want to express our gratitude to the Congress for continued support of America's Armed Forces. Thanks to you, they have the resources to carry out their missions and to ensure the security of the United States.

To set the stage this morning, I would like to provide a brief overview of our proposed budget and the amount we are asking for Military Construction. Dr. Robyn, Deputy Under Secretary for Installations and Environment, will follow with details on our Military Construction proposals.

BASE BUDGET

Mr. Chairman, the President's base budget for fiscal year 2011 requests \$549 billion in discretionary authority. That is an increase of more than \$18 billion or 3.4

percent over the enacted level in fiscal year 2010. Taking inflation into account, the real growth in this request is 1.8 percent. Over the 5 years from fiscal year 2010 through fiscal year 2015, real growth averages 1.0 percent per year.

This growth reflects the Administration's commitment to the modest real growth necessary to equip and sustain a military at war. Before making this proposal, the President carefully considered and balanced our national security needs with our economic security, taking into account the deficit.

The base budget continues the vital reforms that were introduced in the present fiscal year, including our commitment to allocate defense dollars more wisely and to reform DOD's processes. It also builds on the conclusions of the 2010 Quadrennial Defense Review, which established strategic priorities and identified key areas for needed investment.

In the process, the fiscal year 2011 budget reinforces and supports the three major institutional priorities laid down by Secretary Gates for the Department:

- First, it reaffirms our commitment to take care of the all-volunteer force, which the Secretary considers our greatest strategic asset.

- Second, the proposed budget continues to rebalance the Department's programs to prevail in current conflicts by continuing increases in Special Operations forces, providing more rotary-wing capability, and increasing intelligence, surveillance and reconnaissance.

Rebalancing also means maintaining and enhancing capabilities for future conflicts by—among other things—providing funds for continued development of the Joint Strike Fighter and procurement of 42 aircraft, development of a new aerial refueling tanker, buying 10 new ships, improvements in Army ground forces, missile defense enhancements, and a new U.S. Cyber Command.

- And third, the fiscal year 2011 budget request reforms how and what we buy, by promoting a fundamental overhaul of our approach to procurement, acquisition, and contracting.

Specifically, this budget proposes to end seven programs that are either performing poorly or are no longer needed, including the C-17 aircraft and the JSF alternate engine. The budget also continues our commitments to reform acquisition processes, increase efficiency through selective in-sourcing of work now performed by contractors, and slow the growth in healthcare costs while continuing to provide high-quality healthcare services.

MILITARY CONSTRUCTION AND FAMILY HOUSING

The Military Construction and Family Housing portion of this request supports these three budget objectives. We are asking for \$18.7 billion for Military Construction and Family Housing, a reduction of almost 20 percent compared with the enacted level in fiscal year 2010.

This change is largely due to a \$5.2 billion decrease in funding for Base Realignment and Closure (BRAC). By law, fiscal year 2011 is the final year to implement BRAC, and as a result, most major capital investments have already been made.

Excluding BRAC and Family Housing, the fiscal year 2011 Milcon request is actually \$1.1 billion higher than the fiscal year 2010 enacted amount, an increase of about 8.4 percent. This increase is associated with facilities in support of new Army Modular Force units, the relocation of 8,000 marines from Okinawa to Guam, and recapitalization of schools under the DOD Education Activity (DODEA).

The total fiscal year 2011 budget request for Family Housing is \$1.8 billion, which is about 19 percent or \$436 million less than the fiscal year 2010 enacted amount. Included are funds for new housing, improvements to existing housing units, operation and maintenance of government-owned housing, leasing, the Military Housing Privatization Initiative (MHPI) program, and the Homeowners Assistance Program (HAP).

HAP assists military and civilian personnel who were adversely affected by the downturn in the housing market and who are also facing a necessary move. In fiscal year 2010 Congress added \$300 million to the DOD budget to fund HAP expansion, and its omission in fiscal year 2011 accounts for most of the decrease in the Family Housing budget for next year.

OVERSEAS CONTINGENCY OPERATIONS

In addition to the base budget, our fiscal year 2011 request seeks funds to support overseas contingency operations (OCO), largely in Afghanistan and Iraq. We have also requested supplemental appropriations of \$33 billion in fiscal year 2010 to cover the costs of the additional 30,000 troops that President Obama ordered deployed to Afghanistan. We are hopeful that Congress will approve that request by spring.

Our fiscal year 2011 OCO request is \$159.3 billion. This request provides our troops with what they need to carry out their mission. It also supports a responsible drawdown of U.S. forces in Iraq and a stronger force in Afghanistan.

The proposed OCO budget for fiscal year 2011 includes \$1.2 billion for Military Construction. The requested amount will be spent in Afghanistan. Given the limited pre-existing infrastructure for our troops in that country, it is necessary to construct facilities to sustain, protect, and house them. Accordingly, this request includes operational facilities, such as runways and parking aprons, as well as associated support facilities, such as utilities, roads, housing, environmental projects, and dining facilities.

AMERICAN RECOVERY AND REINVESTMENT ACT

Little more than a year ago, the Department received \$7.4 billion in Defense-related funding under the American Recovery and Reinvestment Act (ARRA). That amount included nearly \$4.3 billion for the sustainment and restoration and modernization of facilities, \$2.2 billion for military construction, \$0.1 billion for the Energy Conservation Investment Program (ECIP), \$0.3 billion for Research, Development, Test, and Evaluation (RDT&E), and nearly \$0.6 billion for the Homeowners Assistance Program.

Through this funding we will be able to execute over 4,400 projects in the 50 States, the District of Columbia, Guam, and Puerto Rico. These projects will improve the facilities where our military and civilian personnel work and live, enhance energy efficiency in the recapitalization and construction of facilities, and generate needed jobs to help stimulate the Nation's economy.

As of February 17, 2010—the first anniversary of the Recovery Act—the Department had obligated approximately \$4.2 billion (more than 57 percent) of the funds received for more than 3,700 projects. These projects will not only stimulate the economy; they will also improve the quality of life of our Service Members and their families. Additionally, through the funds made available for the Housing Assistance Program, the Department has already been able to pay more than 600 claims to assist military and civilian personnel and expects to pay many more.

In military construction, 97 of 117 projects have been awarded. The remaining 20 projects involve \$1.7 billion of unobligated funds, including \$1.2 billion for two hospitals that are scheduled for award near the end of the fiscal year—one at Camp Pendleton, California, and the other at Fort Hood, Texas.

CONCLUSION

I believe that the fiscal year 2011 budget request represents a prudent request that asks for the minimum resources we need to meet our critical national security objectives. Our budget supports a strong Military Construction program. I urge your support for DOD's fiscal year 2011 budget request.

Lastly, Mr. Chairman, I want to thank you and the members of the committee once again for your strong support of the men and women of the Department of Defense. We are very grateful.

SUMMARY STATEMENT OF DR. DOROTHY ROBYN

Dr. ROBYN. Thank you. Thank you, Ranking Member Hutchison, Senator Collins.

Let me use my brief time to address two of the issues that you raised, Senator Hutchison, in your opening statement: Guam and BRAC.

First, Guam. And Derek Mitchell can provide even more refined answers than I can. But let me say that I have been deeply involved in the Department's efforts to move 8,000 marines and their families from Okinawa to Guam. Like any international effort this large and complex, the buildup on Guam faces an array of challenges, but no single realignment has a higher profile within the Department. The Deputy Secretary, Bill Lynn, is personally overseeing the effort.

Our fiscal year 2011 budget request includes \$452 million for military construction on Guam. These projects will yield long-term benefits for all the military forces on Guam. They will also dem-

onstrate the Department's commitment to working with the Governor of Guam whose strong support for the buildup has been absolutely critical to our effort.

I appreciate the support that the subcommittee has given us in the past, and look forward to working with you.

Let me just say with respect to the EPA evaluation of the draft environmental impact statement, it is true that Guam's infrastructure now cannot support a buildup that we anticipate, but we knew that all along and the Federal Government is committed to working with Guam—the Federal Government as a whole, the civilian agencies, as well as DOD, to working with Guam to improve and expand its infrastructure to support the buildup. And we believe and I think the Governor believes that this will be a win-win, good for Guam and good for the U.S. military.

Second, let me say a little bit about the implementation of BRAC. My office oversaw the process that resulted in the recommendations that went to the BRAC commission, and we oversee the implementation of BRAC as it is carried out by the services. Senator, you said that there would be some slippage. I hope there will not be slippage. We have 220 actions; 28 of them are completed. We are on a very tight timeline. Thirty of the 222 actions have at least one construction project that completes within 90 days of the deadline, September 5, 2011. And of those, six are of particular concern, but we hope that they all come in on schedule.

Last week, my staff and I briefed your staff on the status of those six most challenging actions. We are working closely with the services on those, and we pledge to keep your staff regularly informed on the status of those. So we are committed to bringing those in on time. The Department has never missed a BRAC deadline in four rounds, and I do not want to break that perfect record.

PREPARED STATEMENT

Let me also, with respect to BRAC, just highlight the success of joint basing, which was one component of BRAC 2005. When this BRAC round started, there were those who were deeply opposed to joint basing. However, it received senior attention and support from you all, and we have moved forward successfully. I am pleased to say we are no longer “implementing” joint basing. We are now “operating” joint bases.

With that, let me conclude, and I look forward to taking your questions.

[The statement follows:]

PREPARED STATEMENT OF DR. DOROTHY ROBYN

Chairman Johnson, Senator Hutchison, and distinguished members of the subcommittee: Thank you for the opportunity to present the President's fiscal year 2011 budget request for the Department of Defense programs that support our installations.

Installations are the military's infrastructure backbone—the platform from which our soldiers, sailors, airmen, and marines accomplish their missions. Installations have long supported the maintenance and deployment of weapons systems and the training and mobilization of combat forces. Increasingly, they have an even more direct link to combat operations, by providing “reachback” support. For example, we operate Predator drones in Afghanistan from a facility in Nevada and analyze battlefield intelligence at data centers in the United States. Our installations are also becoming more important as a staging platform for homeland defense missions.

Installations affect not just our mission effectiveness but the very quality of life that our service members and their families enjoy. Families' satisfaction with the most critical services they receive—housing, healthcare, childcare, on-base education—is linked to the quality and condition of our buildings and facilities.

The Department must manage its installations—the natural as well as the built environment—efficiently and effectively. This is a major challenge. The Department's 507 permanent installations comprise more than 300,000 buildings and 200,000 other structures—everything from bridges to flagpoles—and have an estimated replacement value of more than \$800 billion. These installations are located on some 5,000 sites and occupy 28 million acres of land here in the United States and overseas. These lands are home to archaeological and sacred sites, old-growth forests and more than 300 threatened and endangered species.

Today, I will focus on the key elements of the budget that support our installations: Military Construction, including Overseas Contingency Operations and International Basing; Base Realignment and Closure; and Family Housing. I will also discuss our Facilities Sustainment, Restoration and Modernization programs. Finally, I will describe our strategy for improved management of energy at our installations.

MILITARY CONSTRUCTION, BRAC AND FAMILY HOUSING

The fiscal year 2011 Military Construction (Milcon) and Family Housing appropriations request totals more than \$18.7 billion, a decrease of approximately \$4.6 billion from the fiscal year 2010 enacted level. This decrease primarily reflects the decline in the level of investment needed for BRAC 2005 as we approach the statutory deadline for completion (September 2011). This budget request will allow the Department to respond rapidly to warfighter requirements, enhance mission readiness and provide essential services for its personnel and their families.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Military Construction	12,545.8	13,705.7
Base Realignment and Closure IV	496.7	360.5
Base Realignment and Closure 2005	7,455.5	2,354.3
Family Housing Construction/Improvements	488.8	356.8
Family Housing Operations & Maintenance	1,444.1	1,448.7
Chemical Demilitarization	151.5	125.0
Family Housing Improvement Fund	2.6	1.1
Energy Conservation Investment Program	174.2	120.0
NATO Security Investment Program	197.4	258.9
Homeowners Assistance Program	323.2	16.5
TOTAL	23,279.8	18,747.5

MILITARY CONSTRUCTION

Our request for “pure” military construction (i.e., exclusive of BRAC and Family Housing) is \$13.7 billion. This is a \$1.2 billion increase over last year's enacted level (\$12.5 billion). Let me highlight three areas where we focus our fiscal year 2011 Milcon budget request.

First and most important, the budget request supports operational mission requirements. Milcon is key to initiatives such as Grow the Force and Global Defense Posture realignment, which require the synchronized movement of troops and equipment, as well as to the fielding of modernized and transformational weapon systems. Our budget request includes training and support facilities to accommodate the increases in the Army and Marine Corps endstrength; initial funding for the new and improved infrastructure needed to relocate 8,000 marines and their dependents from Okinawa to Guam; support for the bed down of the Joint Strike Fighter; improved and expanded communications and intelligence capabilities for Special Operations Forces; and fuel distribution facilities for the Defense Logistics Agency.

Second, the President's budget request initiates a major recapitalization of our DOD-dependent schools here in the United States and overseas. Fully 134 of the 192 DOD-dependent schools are in poor or failing physical condition—the result of

longstanding underinvestment by the Department. Many of these schools have simply lasted beyond their expected service life. Others are improperly configured, lacking in essential capabilities, or reliant on temporary structures. The fiscal year 2011 budget request includes \$439 million to repair or replace 10 of these schools. This represents the first phase of a 5-year plan to recapitalize all 134 inadequate schools.

Third, the fiscal year 2011 budget request includes more than \$1 billion to upgrade our medical infrastructure. By modernizing our hospitals and related facilities, we can improve healthcare delivery for our service members and their families, and enhance our efforts to recruit and retain personnel. The fiscal year 2011 request provides funds for our top two priorities: the replacement of the Naval Hospital in Guam and the Ambulatory Care Center at Lackland Air Force Base, Texas. It also allows us to continue improving the chemical/biological defense facilities that are conducting such vital work.

OVERSEAS CONTINGENCY OPERATIONS

Military construction serves as a key enabler in Overseas Contingency Operations (OCO), by providing the facilities that directly support military activity. Our fiscal year 2011 budget request includes \$1.3 billion for Milcon necessary to support the new strategy for counterinsurgency and increased force levels for ongoing OCO in the U.S. Central Command's area of responsibility. Specifically, our fiscal year 2011 budget request expands the logistical and facilities backbone needed to increase our operational capability, replaces expeditionary facilities at the end of their lifecycle, consolidates functions and facilities, and supports Special Operations Forces. These additional operational facilities will provide support for tactical airlift; airborne intelligence, surveillance and reconnaissance; and additional fuel, storage, and cargo handling and distribution capability at critical locations. The request also provides for replacement of temporary housing, dining facilities and other basic infrastructure.

INTERNATIONAL BASING

To project power globally, the Department must have the right mix of military forces and facility infrastructure at strategic locations. We are undergoing a global re-stationing, both to strengthen our forward military presence and to transform overseas legacy forces, cold war basing structures and host-nation relationships into a flexible network of capabilities to which we and our allies and partners have shared access.

My office works closely with the Joint Staff and other Defense organizations to ensure that our overseas base structure supports the needed range of strategic missions across all theaters. While our work on overseas basing has traditionally focused primarily on the cost and engineering aspects of military construction and sustainment/recapitalization, we have recently taken on a broader role in support of emerging global posture initiatives: Increasingly, we provide analytic input to strategic discussions, by evaluating existing infrastructure capacity relative to emerging mission requirements.

Our goal is to ensure that decisions reflect joint planning and rigorous analysis that integrates requirements across all of the Services. Current focus areas include: providing guidance and monitoring in support of the Army's consolidation of command and control activities in Weisbaden, Germany; analysis and evaluation of options for full recapitalization of the Landstuhl Regional Medical Center in Germany; and analysis and support for efforts to relocate more than 8,000 marines and their dependents from Okinawa to Guam.

Rebasing Marines From Okinawa to Guam

The realignment of marines from Okinawa to Guam, which is perhaps the most significant change in our force posture in Asia in decades, will further several strategic goals. First, it will strengthen our alliance with Japan by resolving long-standing problems with our presence in Okinawa. Second, it will ensure the continued long-term presence of U.S. forces in Japan and in the Western Pacific. Third, by making better use of Guam's strategic advantages, this realignment will more effectively array U.S. forces for the complex and evolving security environment in Asia.

The political situation in Japan remains extremely delicate and the stakes are high. The U.S. Government is unlikely to get another opportunity to craft a strategic realignment that not only enhances our regional force posture but also incorporates more than \$6 billion of Japanese financing. The Government of Japan has undergone a transition with the creation of the Democratic Party of Japan (DPJ)-led government in September 2009. The DPJ leadership, working with coalition partners, has initiated a process to review the Realignment Roadmap before endorsing

ing the agreement in full, which is expected to happen in May 2010. The U.S. Government remains committed to successful implementation of the Realignment Roadmap because it provides a needed solution to critical strategic challenges to the long-term presence of U.S. military capabilities in Japan and the Asia-Pacific region.

The fiscal year 2011 President's Budget request includes \$452 million to support the relocation of marines from Okinawa to Guam. This includes projects to upgrade the wharf, provide utilities, ramp and roadway improvements, and carry out site preparation and utilities construction for the Marines' main cantonment area. These projects will yield long-term benefits for all the military forces on Guam. They will also demonstrate the Department's commitment to working with the Governor of Guam, whose strong support for the relocation can have a significant impact on Guam's population.

In support of the relocation, the Department released the Draft Environmental Impact Statement (DEIS) on November 20, 2009, for public review. In addition to the analysis for rebasing of the Marines, the DEIS also includes analysis for construction of a new deep-draft wharf with shore-side infrastructure to support a transient nuclear-powered aircraft carrier, and facilities and infrastructure to support establishment and operation of an Army Missile Defense Task Force. The public comment period for the DEIS ended February 17, 2010. The Department is working with the Council on Environmental Quality, the Environmental Protection Agency and other resource agencies to address the concerns that were raised by the Federal agencies and the public.

To address challenges regarding the realignment and to provide the appropriate oversight, the Department last year established the Guam Oversight Council (GOC), chaired by the Deputy Secretary of Defense. The GOC meets regularly to validate requirements, identify and resolve issues, provide resource guidance and clarify governance structures. Initial challenges taken up by the GOC include the aggressive timeline for completion of the realignment of marines from Okinawa to Guam; safety of the Futenma Replacement Facility in Okinawa; adequacy of training in the Pacific; strategic, operational, and logistic implications of posture changes in the Pacific; and successful partnership with the Government of Guam.

BASE REALIGNMENT AND CLOSURE

Domestic basing is no less important than international basing, and we rely heavily on the Base Realignment and Closure (BRAC) process to adapt and improve that basing structure. We are entering our sixth and final year of implementation of BRAC 2005, the largest BRAC round undertaken by the Department. BRAC 2005 has been a significant engine for the recapitalization of our enduring military facilities. By the end date (September 15, 2011), the Department will have invested \$24.7 billion in military construction to enhance capabilities and another \$10.4 billion to move personnel and equipment, outfit facilities, and carry out environmental clean-up. These investments will generate nearly \$4 billion in annual savings beginning in fiscal year 2012. The DOD components have implemented BRAC 2005 conscientiously and transparently, according to a well-defined process. The Department continues to monitor the process closely to ensure that we are meeting our legal obligations. To date, 28 BRAC 2005 recommendations have been certified as completed.

The fiscal year 2011 President's Budget includes \$2.4 billion for BRAC 2005, which fully funds the investments needed to complete implementation. This represents a \$5.1 billion decrease from the fiscal year 2010 enacted level for BRAC 2005. The reduction in funding is due primarily to a decrease in construction projects as we near the September 2011 completion date. To support continued property disposal actions at Prior-BRAC round sites, the fiscal year 2011 budget request includes \$360.5 million, a decrease of \$136 million from the fiscal year 2010 enacted level.

Environmental cleanup at BRAC locations is essential in putting unneeded property back in the hands of local communities. The total BRAC environmental budget request for fiscal year 2011 is \$445 million (\$108 million for BRAC 2005 sites and \$337 million for Prior-BRAC round sites). These funds will help us continue to meet stakeholder expectations and complete cleanup at an additional 154 sites impacted by BRAC decisions. Although this request represents a decrease of \$109 million over the fiscal year 2010 request, the reasons for the drop are positive. Specifically, the decrease is due to (a) contract efficiencies, such as those achieved through performance-based acquisition and competitive bidding, and (b) bid cost savings—a silver lining in the economic downturn. In addition, as the Military Departments have refined their characterization of munitions sites, they have found that fewer acres will require cleanup, which has lowered projected costs.

COMPARISON OF BASE REALIGNMENT AND CLOSURE FUNDING

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Base Realignment and Closure IV	496.7	360.5
Base Realignment and Closure 2005	7,455.5	2,354.3
TOTAL	7,952.2	2,714.8

Despite our progress and the significant investment we have made, the Department has been perceived as ignoring the impacts of its actions, particularly in some communities that are experiencing significant growth as a result of BRAC 2005 consolidation. One area where growth can have an adverse impact is local transportation. Transportation impacts have been and will continue to be mitigated through the application of our authority and funding under the Defense Access Road (DAR) program. The criteria used to determine whether a project qualifies under DAR are limited, however. In particular, they may not adequately address the scenario in which a defense action causes a significant increase in traffic congestion, as may occur in one or more cases as a result of BRAC 2005 consolidation.

To address this and related issues, the National Academy of Sciences is undertaking a BRAC Transportation Improvements Study as required by the fiscal year 2010 Military Construction and Veterans Affairs and Related Agencies Consolidated Appropriations. A blue-ribbon panel named by the National Academy's Transportation Research Board will evaluate the DAR criteria and assess the funding of transportation improvements associated with the BRAC 2005 program. We hope to receive an interim report in May of this year.

One of the most important initiatives with a basis in BRAC 2005 is the consolidation and realignment of medical care delivery in the National Capitol Region (NCR), with its focus on transforming medical care through a joint delivery system. As I recently testified, this extraordinarily complex undertaking will deliver major benefits that would not have been possible without BRAC. Moreover, its successful completion is dependent on the strict discipline that the BRAC process provides. The construction now underway represents a balanced and reasonable approach to combining the functions of the old Walter Reed Army Medical Center into the new National Military Medical Center at Bethesda, Maryland. The result will be a medical delivery platform far superior to what we have now—and one on which we can continue to build.

Another BRAC 2005 action that my office has championed is the consolidation of 26 installations into 12 joint bases. At each joint base, a supporting Service Component provides installation leadership for one or more supported Service Components. By consolidating installation management and delivery of installation support, joint bases will be able to provide more efficient and effective support for the overall military mission.

Our joint bases represent realigned, reconfigured national military assets for the joint teams they serve. The first five joint bases reached full operational capability on October 1, 2009. The remaining seven joint bases reached initial operational capability on January 31, 2010, and are on their way to full operational capability this coming October. We are no longer “implementing joint basing.” We are now “operating joint bases.”

I had the opportunity to meet personally with most of the joint base commanders in January, and I am encouraged by their can-do spirit and dedication to providing excellent installation support to the joint teams at each base. Additionally, I have had the opportunity to tour two of our joint bases recently: Joint Region Marianas on Guam and Joint Expeditionary Base Little Creek-Fort Story in Virginia. Having seen firsthand the extraordinary work they are doing, I have confidence that our joint base commanders will achieve efficiencies and other benefits as their installation support organizations mature.

FAMILY HOUSING AND BARRACKS

Housing is key to quality of life—in the military no less than in the civilian world. The fiscal year 2011 President's Budget request includes \$1.8 billion for Family Housing. This is a decrease of \$436 million from the fiscal year 2010 enacted level, which largely reflects the maturation of our Military Housing Privatization Initiative. Our request provides for the continued reduction of inadequate units; for operations and maintenance of government-owned housing; and for the privatization of

more than 500 family housing units, most of them to support the Department's Grow the Force initiative.

The Services have increasingly relied on privatization to address the oftentimes poor condition of military-owned housing and the shortage of affordable private rental housing available to military families. In my view, housing privatization is the single most effective reform my office has carried out.

Privatization allows the Military Services to partner with the private sector to generate housing built to market standards. It is extremely cost effective. To date, the Military Services have leveraged DOD housing dollars by a factor of 10 to 1: \$2.7 billion in Federal investments have generated \$27 billion in privatized housing development at Defense installations. The privatized housing is also of high quality and often more appealing to young families than what the military construction process would produce. Moreover, the private owners have an incentive to maintain quality because they are responsible for maintenance and operation, including necessary recapitalization, during the full 50 years of the contract.

COMPARISON OF FAMILY HOUSING

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Family Housing Construction/Improvements	488.7	356.8
Family Housing Operations & Maintenance	1,444.0	1,449.0
Family Housing Improvement Fund	2.6	1.1
Homeowners Assistance Program	323.0	16.0
TOTAL	2,258.3	1,822.9

The fiscal year 2011 President's Budget request also includes funding to reduce inadequate (non-privatized) family housing in the United States and at enduring locations overseas. The budget includes \$34 million for the Army to construct 64 family housing units in Baumholder, Germany, and \$37 million for the Navy to replace 71 units at Naval Station Guantanamo Bay, Cuba.

The Department is committed to improving housing for its unaccompanied Service members, not just its families. The fiscal year 2011 President's Budget includes \$2.3 billion for 57 construction and renovation projects that will improve living conditions for approximately 17,000 unaccompanied personnel. The Army has also used its privatization authorities to improve unaccompanied housing. Bachelor officer quarters and senior enlisted bachelor quarters have been added to existing family housing privatization projects at Fort Bragg, North Carolina; Fort Stewart, Georgia; Fort Drum, New York; and Fort Irwin, California. A fifth project is planned soon at Fort Bliss, Texas.

The Navy, too, has used privatization as a tool to improve unaccompanied housing—specifically by bringing shipboard junior enlisted sailors ashore using a special pilot authority in the fiscal year 2003 National Defense Authorization Act (10 U.S.C. 2881a). The first pilot project was awarded in December 2006 at San Diego, California, and the second was awarded in December 2007 at Hampton Roads, Virginia. Both projects have demonstrated that, with authority to provide partial Basic Allowance for Housing to single service members, privatizing single, junior enlisted personnel housing is more cost effective than the traditional Government-owned barracks model.

HOMEOWNERS ASSISTANCE PROGRAM

The Homeowners Assistance Program (HAP) represents a very different type of program but one no less important to the quality of life of those who qualify. Since 1966, HAP has provided financial assistance to military personnel and DOD civilians at locations where home values decreased as a result of Defense action. The fiscal year 2011 President's Budget request includes \$17 million for HAP.

In February 2009, Congress provided \$555 million in the American Recovery and Reinvestment Act (Recovery Act) to expand HAP to address unique economic pressures faced by military personnel who are required to relocate during adverse housing market conditions. Congress added another \$300 million for HAP in the Consolidated Appropriations Act for 2010.

HAP seeks to minimize the amount of financial harm—including risk of foreclosure, credit damage or bankruptcy—that service member and civilian beneficiaries experience when they are compelled to move. As of March 3, 2010, HAP

has assisted 771 homeowners at a program cost of \$84 million. Another 4,652 homeowners are currently eligible.

FACILITIES SUSTAINMENT AND RECAPITALIZATION

In addition to investing in new construction, we must maintain, repair, and recapitalize our existing facilities. The Department's Sustainment and Recapitalization programs strive to keep our inventory of facilities in good working order and mission-capable. By providing a consistent level of quality in our facilities, we can raise the productivity of our personnel and improve their quality of life. The fiscal year 2011 budget request includes \$9.0 billion for sustainment and \$4.6 billion for recapitalization (restoration and modernization) of our facilities.

COMPARISON OF SUSTAINMENT AND RECAPITALIZATION

[In millions of dollars]

	Fiscal year 2010 enacted	Fiscal year 2011 requested
Sustainment (O&M & MilPers)	8,251.0	9,042.0
Recapitalization (O&M, Milcon, Milpers, RDTE)	6,448.0	4,583.0
TOTAL S & RM	14,699.0	13,625.0

Sustainment represents the Department's single most important investment in the overall health of its inventory of facilities. Sustainment includes the regularly scheduled maintenance and repair or replacement of facility components—the periodic but predictable investments that should be made throughout the service life of a facility to slow its deterioration and optimize the owner's investment. We use a Facilities Sustainment Model (FSM) based on industry benchmarks to estimate the annual cost of regularly scheduled maintenance and repair for different types of buildings. We then require the Military Departments and Components to fund sustainment of their facilities at a level equal to at least 90 percent of the FSM-generated estimate. Our fiscal year 2011 budget request is consistent with that requirement.

The second key investment we make in the health of our facilities is recapitalization (restoration and modernization). Recapitalization serves to keep the inventory of facilities modern and relevant in an environment of changing missions and standards, to extend the service life of facilities, and to restore capability lost due to man-made or natural causes including inadequate sustainment. Compared with sustainment, recapitalization needs are much harder to forecast because they are often a function of change, such as a new functional standard for enlisted housing, the availability of new technology (e.g., improved technology for heating and cooling), or even a change in the very mission that the facility supports. The fiscal year 2011 budget request (\$4.6 billion) is \$1.9 billion lower than the fiscal year 2010 enacted level primarily because we are nearing the end of the BRAC 2005 process, which drove a significant amount of recapitalization.

In the past, the Department used a target recapitalization rate to establish an annual investment level for the entire building inventory. In recent years our goal was to recapitalize buildings every 67 years. However, this approach did not provide information on the condition of individual buildings—precisely the kind of information that one should use to guide decisions on specific investments.

Since 2006, the Federal Real Property Council (FRPC) has required Federal agencies to rate the quality of individual facilities using a Facility Condition Index (FCI). This quality rating, expressed in terms of the relationship between what it would cost to replace a facility and what it would cost to repair it, allows us to identify those facilities in greatest need of investment. By this measure, 18 percent of the 539,000 facilities in the Department's inventory are in poor condition and another 7 percent are in failing condition.

Using the facility condition data that DOD is already collecting, my staff is developing a new methodology for determining the level of investment needed overall and the optimal method of targeting that investment. We will consider factors other than just the condition of the building—e.g., mission priority. The result will be a capital investment plan to eliminate facilities that are in poor and failing condition.

In addition to sustaining and recapitalizing our facilities, we are committed to eliminating facilities that we either no longer need or cannot repair economically. Demolition is an important tool in any recapitalization and will also play a role in

our capital investment plans. The fiscal year 2011 budget request includes more than \$200 million for this purpose.

MANAGING OUR ENERGY USE

The recently released Quadrennial Defense Review (QDR) makes clear that crafting a strategic approach to energy and climate change is a high priority for the Department. Although much of the focus has been on the energy we use in a combat setting (“operational energy”), the management of energy on our permanent installations (“facility energy”) is also extremely important. The Energy Conservation Investment Project (ECIP) is a key element of the Department’s facility energy strategy: ECIP supports energy efficiency and renewable energy projects based on pay-back and has achieved an estimated \$2.16 in savings for every dollar spent. The fiscal year 2011 President’s budget requests \$120 million for ECIP. This is \$30 million above our fiscal year 2010 request but less than the fiscal year 2010 enacted amount (\$174 million).

To put ECIP in context, let me briefly discuss why facility energy management is so important and what we are doing to improve it.

The way we manage energy at our permanent installations is important for two key reasons. First, facilities energy represents a significant cost. In 2009, DOD spent \$3.8 billion to power its facilities—down from \$3.96 billion in 2008. That represents about 28 percent of the Department’s total energy costs (that fraction is higher in peacetime, when we are not consuming large amounts of operational energy). Moreover, energy needs for fixed installations in the United States will likely increase over the next several years as we “grow” the Army and the Marine Corps, reduce our presence in Iraq and Afghanistan, and continue to improve the quality of life for soldiers and their families—for example, by installing flat-panel TVs in individual rooms in a barracks that now has just one TV per common room.

Facilities energy is costly in other ways as well. Although fixed installations and non-tactical vehicles account for less than a third of DOD’s energy costs, they contribute nearly 40 percent of our greenhouse gas emissions. This reflects the fact that our installations rely on commercial electricity, which comes from fossil fuels—principally coal. Given that facilities energy as a share of total DOD energy will increase when we reduce our presence in Iraq and Afghanistan, fixed installations will likely become DOD’s major source of greenhouse gas emissions.

Second, installation energy management is key to mission assurance. According to the Defense Science Board, DOD’s reliance on a fragile commercial grid to deliver electricity to its installations places the continuity of critical missions at serious and growing risk.¹ Most installations lack the ability to manage their demand for and supply of electrical power and are thus vulnerable to intermittent and/or prolonged power disruption due to natural disasters, cyber attacks and sheer overload of the grid.

Over the last 5 years, the Department has steadily reduced energy consumption per square foot at our permanent installations, largely in response to statutory and regulatory goals. While continuing that very positive trend, it is time for us to adapt our approach to installation energy management from one that is primarily focused on compliance to one that is focused on long-term cost avoidance and mission assurance.

In the last year, the Department has made energy policy a significantly higher priority. First, Secretary Gates has expressed his strong support for the goal of reducing energy consumption, and the QDR reflects his desire for a more strategic approach to energy security. As one indication of this commitment, the Department recently announced that, under Executive Order 13514, it will reduce greenhouse gas emissions from non-combat activities—largely installations and non-tactical vehicles—by 34 percent by 2020. Since greenhouse gas pollution is due overwhelmingly to direct energy use, this aggressive target, along with DOD’s High Priority Performance Goals, will require major gains in energy efficiency at our installations.

Second, the Department is investing more to improve the energy profile of our fixed installations. Financing for these investments has come from annually appropriated funds, including military construction, operations and maintenance, and ECIP. We have utilized third-party financing through Energy Savings Performance Contracts and Utilities Energy Service Contracts. We are also pursuing other innovative financing mechanisms, such as Enhanced Use Leases and Power Purchase Agreements (PPAs).

¹“More Fight-Less Fuel,” Report of the Defense Science Board Task Force on DOD Energy Strategy, February 2008.

Our basic investment strategy is twofold: (1) Reduce the demand for traditional energy through conservation and energy efficiency; and (2) increase the supply of renewable and other alternative energy sources. Investments that curb demand are the most cost-effective way to improve an installation's energy profile. As Department of Energy (DOE) Secretary Steven Chu has observed, "Energy efficiency is not just the low hanging fruit; it's the fruit lying on the ground."

A large percentage of our demand-side (energy efficiency) investments are expended on projects to retrofit existing buildings. The Department spends almost \$10 billion a year to sustain, restore and modernize our facilities. About one-sixth (\$1.7 billion) of this is spent on projects designed directly to improve energy efficiency. Typical projects install improved lighting, high-efficiency HVAC systems, double-pane windows, energy management control systems and new roofs. As we replace major components and subsystems in our buildings, the newer, more energy-efficient systems contribute to DOD's overall energy reduction goals.

In addition to retrofitting existing buildings, we are taking advantage of new construction to incorporate more energy-efficient designs, material and equipment into our inventory of facilities. The Department spent about \$25 billion on military construction in fiscal year 2009 and we will devote another \$23 billion to construction in fiscal year 2010. (As discussed earlier, we are asking for \$18.7 billion for Milcon in fiscal year 2011.) New construction must meet Leadership in Energy and Environmental Design (LEED) Silver standards and/or the five principles of High Performance Sustainable Buildings, which includes exceeding the energy efficiency standard set by the American Society of Heating, Refrigerating and Air-Conditioning Engineers by at least 30 percent.

On the supply side, our military installations are well situated to support solar, wind, geothermal and other forms of renewable energy. As you know, we have the second largest solar array in North America at Nellis Air Force Base in Nevada. Additionally, the geothermal plant at Naval Weapons Center at China Lake, California, is providing electricity to the State's electrical grid; hydrogen fuel cells provide back-up power for facilities at Fort Jackson, South Carolina; and the Marines will test a wave power program at Kaneohe Bay, Hawaii, in the near future.

The Department took advantage of the \$7.4 billion it received through the Recovery Act to invest in both energy efficiency and renewable energy projects. We devoted \$2 billion of that amount to projects designed to improve existing buildings, largely through upgraded systems and equipment. Of that, \$120 million went to ECIP. Another \$1.6 billion of Recovery Act funds is going to construct new facilities, all of which will meet LEED Silver standards and/or the five guiding principles of High Performance Sustainable Buildings.

Finally, our military installations can play a valuable role as a test bed for next generation technologies coming out of laboratories in industry, universities and the Department of Energy. DOD's built infrastructure is unique for its size and variety, which captures the diversity of building types and climates in the United States. For a wide range of energy technologies, DOD can play a crucial role by filling the gap (the "valley of death") between research and deployment. As both a real and a virtual test bed, our facilities can serve as a sophisticated first user, evaluating the technical validity, cost and environmental impact of advanced, pre-commercial technologies. For technologies that prove effective, DOD can go on to serve as an early customer, thereby helping create a market, as it did with aircraft, electronics and the Internet. This will allow the military to leverage both the cost savings and technology advances that private sector involvement will yield.

We are pursuing the energy test bed approach on a small scale through the Environmental Security Technology Certification Program (ESTCP). Using \$20 million in Recovery Act funding, ESTCP awarded contracts through a competitive solicitation to nine projects to demonstrate technologies that will provide for increased energy efficiency or that will generate cost effective renewable power on site. For example, one ESTCP project team is conducting a multi-site demonstration of building-integrated photovoltaic roof concepts. By verifying that an energy efficient roof can perform its expected function, DOD can increase its capacity to generate renewable energy. The Naval Facilities Engineering Command leads this project in collaboration with Lawrence Berkeley National Laboratory. Demonstrations are taking place at Luke Air Force Base and Marine Corps Air Station Yuma, both in Arizona, and Naval Air Station Patuxent River in Maryland.

The test bed approach is key to meeting the Department's needs, but it is also an essential element of a national strategy to develop and deploy the next generation of energy technologies needed to support our built infrastructure. We hope to expand it, working closely with the Department of Energy and other agencies and organizations.

The Department is pursuing several other initiatives to address specific challenges or impediments to improved installation energy management. Let me briefly describe two of them.

First, we have begun what will likely be a major effort to address the risk to our installations from potential disruptions to the commercial electric grid. The Department is participating in interagency discussions on the magnitude of the threat to the grid and how best to mitigate it. We are also looking at how to ensure that we have the energy needed to maintain critical operations in the face of a disruption to the grid. As required by the National Defense Authorization Act, the Secretary of Defense this year will give Congress a plan for identifying and addressing areas in which electricity needed for carrying out critical military missions on DOD installations is vulnerable to disruption. The development of renewable and alternative energy sources on base will be one element of this effort, because—in combination with other investments—these energy sources can help installations to carry out mission-critical activities and support restoration of the grid in the event of disruption.

Second, we are devoting considerable time and effort to a complex and growing challenge—ensuring that proposals for domestic energy projects, including renewable energy projects, are compatible with military requirements for land and airspace. As noted above, military installations lend themselves to renewable energy development, and a renewable project can benefit the host installation by providing a secure source of energy and reduced energy costs. In some cases, however, a proposed project can interfere with the military mission. For example, wind turbines can degrade air- and ground-based radar, and solar towers can cause interference by creating thermal images detrimental to sensitive testing of weapons systems. The current process for reviewing proposals and handling disputes is opaque, time consuming and ad hoc.

The Department is working to balance the Nation's need for renewable sources of energy with military mission needs. The DOD “product team” devoted to sustaining our test and training ranges, which I co-chair, is working to come up with a better process for evaluating proposals from energy developers who want to site a renewable project on or near an installation. We have begun to reach out to potential partners, including other Federal agencies, energy developers, State and local governments, and environmental organizations. In addition to working to improve the current approval process, the Department is looking at the role of research and development. New technology can allow us to better measure the potential impact of a proposed project. It can also help to mitigate the impact. For example, recent press accounts suggest that developments in stealth technology as applied to turbine blades can reduce the harm to ground-based (but not air-based) radar.

CONCLUSION

My office, Installations and Environment, takes very seriously our mission to strengthen DOD's infrastructure backbone—the installations that serve to train, deploy and support our warfighters. Thank you for your strong support for the Department's installation and environment programs, and for its military mission more broadly. I look forward to working with you on the challenges and opportunities ahead.

Senator HUTCHISON. Thank you. I think that we are making remarkable progress on BRAC, by the way, and that we are so close. It is very good and we fully funded. This subcommittee made that a priority.

Dr. ROBYN. Yes.

Senator HUTCHISON. So thank you.

Mr. Mitchell?

Mr. HALE. Mr. Mitchell does not have a statement. He is just here to help us answer questions on Guam policy.

Senator HUTCHISON. Okay, good.

I am going to let my colleagues go first on the questions, and then I will follow up. I do not know who was here first.

Senator COLLINS. Thank you. Thank you, Madam Chairwoman. Does that not sound good again?

Senator HUTCHISON. It is very fleeting.

Senator COLLINS. Let me first commend you and the subcommittee's chairman for working so well as a team. I could not help but think, as the chairman departed, that he was totally comfortable turning over the gavel to you. And while I hope that is a sign of things to come, I was impressed with how closely you worked together for the good of the military.

CLOSURE OF NAS BRUNSWICK

Dr. Robyn, I want to direct my questions this morning to you. The State of Maine is coping with the imminent loss of a major defense installation, the Brunswick Naval Air Station in Cumberland County. The squadrons and most of the military personnel have already departed, and the base is scheduled to close its doors next year. The number of jobs lost is estimated by the Pentagon, direct and indirect jobs, to be more than 6,500. On the list that was prepared for the Base Closure Commission, Maine was ranked fifth in the Nation in the number of jobs that would be lost as a result of the BRAC decisions.

So this is a very difficult economic blow for the State of Maine, for the Brunswick region in particular. And as you can appreciate, the recession makes the redevelopment of this base even more challenging than it otherwise would be.

To help compensate for these negative impacts, last year as a member of the Armed Services Committee, I worked very hard to include a critical provision in the defense authorization bill that would help to accelerate the transfer of excess military property at a reduced cost or even no cost when it is for economic development. It is my understanding that you and your office are now working on the regulations to implement those provisions.

Could you first give us an update on the status of those regulations? There is concern in Maine about when they are going to be issued. The prime time for economic development activity in my State is coming up right now. So could you first give us an update on that?

ECONOMIC DEVELOPMENT CONVEYANCE

Dr. ROBYN. Sure. I took a real interest in the economic development conveyance mechanism. I worked in the Clinton White House during the BRAC rounds in the 1990s. We worked with the Congress then to create the EDC mechanism, and it has gone through various iterations.

Prior to the action of the Congress in the last defense bill, the EDC mechanism had become very slow and cumbersome. The services were required to seek to obtain fair market value. The valuation process was a very cumbersome one. So Congress gave us clarification and some new authority that freed the services from having to seek to obtain fair market value. You also gave us additional flexibility to use some innovative mechanisms such as back-end participation so that if a development does well, the Defense Department can take much or most of its compensation on the back end.

First of all, let me say that as soon as that law took effect, those provisions were in effect. Even before I put out regulations, the new law is in effect. It replaced the old law saying the services had

to seek to obtain fair market value. So the law took effect immediately. I put out a memo to the services giving some policy direction. I am working closely with them to get the regs out and also too so that even before the regs are out, that they are adopting the new approach, which I think they are.

So I think we have already seen some response. Treasure Island. The city and the Navy negotiated an agreement on Treasure Island. They had been unsuccessful in doing that over many years, and with the clarity that you all provided, they were able to reach an agreement that provided for back-end participation.

I do not know enough about the details of Brunswick to know what sort of an EDC that will be, but I think we have changed course in response to the direction from Congress and I am watching it closely.

Senator COLLINS. Thank you. I know my time is almost expired. So let me just say that I will ask you to work very closely with the local redevelopment authority in Maine. This is going to be a tremendous challenge, and it is going to be important that the Department factor in local economic conditions and a lot of flexibility as we have given you.

Dr. ROBYN. Yes.

Senator COLLINS. And I look forward to working closely with you.

Dr. ROBYN. Thank you.

Senator COLLINS. Thank you.

Thank you, Madam Chairman.

Senator HUTCHISON. Senator Pryor.

Senator PRYOR. Thank you, Madam Chair.

OFFICE OF ECONOMIC ADJUSTMENT

Dr. Robyn, let me ask you a few questions. In the first question or two, I want to ask about the OEA, the Office of Economic Adjustment. We have the Pine Bluff arsenal in Pine Bluff, Arkansas, which is doing a destruction of all of its chemical stockpile. Later this year, they are going to lose about 1,100 jobs. There are 350 Government employees, about 750 contractors.

My question is, knowing that and knowing that is coming this year, what should the OEA be doing for Pine Bluff right now?

Dr. ROBYN. Well, I believe the OEA is working with Pine Bluff. My understanding is they awarded a small grant last month, a little over \$600,000, and they waived most of the local match requirement. I think the OEA staff was down there recently. I am told that the State of Arkansas is not going to apply to the Department of Labor for a national emergency grant to provide support workforce assistance. I am not sure what the rationale for that is.

But OEA is a wonderful organization. I am very proud to have it part of what I oversee now. OEA was created by Robert McNamara in the 1960s. They have done a terrific job over the years and can provide a lot of planning and technical assistance to communities like Pine Bluff that are going through this sort of transition.

Senator PRYOR. Do you know if the OEA is working on trying to get more mission there to the Pine Bluff arsenal?

Dr. ROBYN. To get other DOD activity? Not that I am aware of. That is typically not part of what OEA does.

Senator PRYOR. Okay. When you add it all up, there is going to be an economic impact of about \$100 million annually to Pine Bluff and that area. My sense is, in talking to people in Pine Bluff and that area—they have kind of a regional chamber of commerce—is that they are not real happy with the efforts that OEA has made. So why do you and I not follow up at some point and see if we can get a little more attention down there and see if we can find some good things for them to do?

Dr. ROBYN. Okay.

Senator PRYOR. Another question I have for you, Dr. Robyn, is my understanding is that the National Guard Bureau had provided a list of over 100 unfunded priorities and shovel-ready projects that total up to about \$1.2 billion total. My understanding is that in the stimulus money, et cetera, the Recovery Act, most of these requests, maybe not all, but almost all were ignored. Were you aware of that? And do you know the situation on that?

Dr. ROBYN. Are you speaking of National Guard projects generally?

Senator PRYOR. Yes, National Guard projects that were shovel-ready.

Dr. ROBYN. I do not have the figures with me. We did some Guard projects. I do not know the number. I will take that for the record.

[The information follows:]

The American Recovery and Reinvestment Act of 2009 (Recovery Act), Public Law 111–5 includes approximately \$7.4 billion in Defense-related appropriations. Within division A of the Recovery Act, titles III and X provided \$292 million (\$266 million Army National Guard and \$26 million Air National Guard) and \$100 million (\$50 million each to Army National Guard and Air National Guard) in specific operations and maintenance (O&M) and military construction (Milcon) authorization and appropriations to the Army and Air National Guard, respectively. To provide the required reports to Congress identifying the specific projects funded under the Recovery Act, the Department asked each component receiving funds to provide a list of projects within the amounts they received that would create and save jobs, jumpstart our economy, address unfunded facility requirements, build the foundation for long-term economic growth, improve the condition of facilities needed to house members returning from Iraq and Afghanistan, and enhance energy efficiency throughout the Department. The Army and Air National Guards complied with this guidance, providing 930 O&M and Milcon projects within the amounts they were authorized and appropriated.

Senator PRYOR. Yes. Just for you to think about, at the Senate Armed Services Committee hearing in February, just a month ago or less, Secretary McHugh stated: “As to the distribution of Milcon, certainly if I were in a Guard or Reserve unit, I’d feel as though I wasn’t getting what I needed, and we have to admit that.” So I think that there is a recognition, at least in some quarters, that there are a lot of shovel-ready projects that need to be prioritized when it comes time to look at funding these type projects.

And the third thing I had—and this may be the last because I am almost out of time here—is Little Rock Air Force Base is the Center of Excellence for the C–130 operations and basically every C–130 pilot almost in the world, it seems like, comes to Little Rock to do their training. And we have three wings there. One is a Guard wing and two are active duty. Anyway, they do great work there.

But right now, they have 92 aircraft on the ramp. The fiscal year 2011 budget transferred an additional 12 C-130s to Little Rock, which totals 104. And my understanding is a few of those will be taken out because they are C-130 E models and it is time for them to move on. But still, they are going to end up with about 100 aircraft there.

LITTLE ROCK AIR FORCE BASE

I remember when we were talking about BRAC a few years ago and also last year or the year before, we were working on a C-27J project. One of the things about Little Rock Air Force Base is it only has one runway. And I am wondering if you might be willing to initiate a site survey for Little Rock Air Force Base to look at the feasibility of doing a second runway there. I know they have plenty of real estate, and I have seen the maps before and I think they would have plenty of room to do it. But I was wondering if you would initiate or work with us to try to initiate a site survey to look into the possibility of a second runway there at Little Rock Air Force Base.

Dr. ROBYN. Sir, I think I am going to defer that question to my Air Force colleague, who will be on the panel behind me. It is easy for me to say yes, but I do not want to preempt my Air Force colleague.

Senator PRYOR. Sure.

Secretary Hale.

Mr. HALE. Could I just add to that? I think we would want to consider that and the broader issue of basing the C-27s. As you are well aware, we are limited to procuring the 38, and there are some important basing issues that still remain to be resolved. It probably needs to be considered in that context.

Senator PRYOR. Right, yes. And the C-27s may be a secondary issue at this point in how you do that. Certainly Little Rock, I think, makes sense, but with regard to more C-130s in the future maybe coming there and you have 100 on the ramp. After fiscal year 2011, I think it may be time to look at that. So if we could maybe work together on that site survey, at least for you all to look at it and do the analysis, I would appreciate it.

Thank you, Madam Chair.

Senator HUTCHISON. Senator Murkowski.

HOUSING AT FORT WAINWRIGHT

Senator MURKOWSKI. Thank you, Madam Chairman.

Dr. Robyn, a couple relatively parochial questions here this morning, and then I would like to ask a question about the port in Guam.

First is with regard to a partnership that the Army entered into with Actus Lend Lease at Fort Wainwright for privatization of housing. We have had some issues up north there with local contractors that have expressed some very serious concern that Actus Lend Lease was bringing in out-of-State contractors, thus displacing the local contractors. There were field hearings that were conducted by the legislature. There was a community advisory board that was later established. But it really was very contentious

for a period of time, and our offices were very involved in trying to smooth things out.

My question to you is—we were essentially told that the laws governing private housing contracts allow the Army's partner to contract with whomever they want.

I guess the question that I have is whether or not you think that it is good policy to encourage housing privatization partners to use local contractors and local construction workers for the projects, or would it be fair to say that you are really indifferent on this? I cannot imagine that this is just an issue that is specific to Fairbanks, Alaska. Help me out a little bit on this.

Dr. ROBYN. Well, I have spent a lot of time telling people how wonderful housing privatization is. I think it is the most effective reform my office has taken on. I honestly have never come across this issue. So I cannot give you a good—

Senator MURKOWSKI. So you think our situation up north is unique?

Dr. ROBYN. I just do not know. I have been on the job 9 months, and it may be that I just do not know about it. So I cannot give you a good answer. I think my Army colleague may be able to shed more light, but I would like to take the question for the record.

Senator MURKOWSKI. Well, I would appreciate if you would do it because as we look to the impact, of course, the economic impact that these projects bring to an area, I think it is fair to say that people look at them with great interest because they believe that not only will the military see a good benefit there, but the local economy will engage as well. And I think we have seen some real concerns where you bring the out-of-State guys in. They are there for the length of the project. They are gone and there is no real commitment to the community. So if you could look into that, I would appreciate it.

UNDOCUMENTED WORKERS AT ELMENDORF AIR FORCE BASE

The second question. This was regarding a project at Elmendorf Air Force Base last year, and acting on a tip from the iron workers unions, there were some immigration and customs officers that came in to interview employees of an Air Force construction project. This was a contract for building hangars. Four of 30 individuals interviewed were determined to be not lawfully eligible to work here in the United States. One was determined to have a criminal history in the State of California. I think we all recognize that our Air Force bases are supposed to be secure areas, and yet this was a pretty specific example of not only people who were not eligible to work here in the country and getting into the gate to do the work, but also of an employee with a criminal record.

I have a couple questions. First, whether or not the contractor was disciplined for placing undocumented workers on an Air Force job site, and more broadly, what the administration is doing to ensure that these construction jobs, which are scarce and coveted most certainly, that are available on our military bases are going to people that are legally entitled to work here in the country.

Dr. ROBYN. Again, my Air Force colleague on the next panel may have more detail. I know the four were arrested through a joint effort by immigration and Air Force agents. They used counterfeit

documents. I think we are using this as a learning experience to improve our clearance—approach to security. I do not know if the contractor was disciplined or not. It is hard to believe they were not because my understanding is this was a contractor from California that went up to Alaska and took workers with them. So it would seem like they were liable. But I do not know the specifics.

Senator MURKOWSKI. Well, if you can get more clarification for me on that, again I would appreciate it.

And then the last question relates to the buildup on Guam. As the ranking member on the Energy Committee, one of our areas of jurisdiction and oversight responsibility is for the Government's relationship with our territories. I understand that the Port of Guam was recently denied a \$50 million grant from USDOT to kick start the port's \$200 million modernization program.

IMPROVEMENTS TO GUAM PORT

Are you concerned about the status of the port's modernization? What steps are being taken to ensure that we are securing the needed funding for the port modernization effort?

Dr. ROBYN. Yes. There were \$1 billion in stimulus money for TIGER grants allocated by the Department of Transportation, and they were heavily oversubscribed. There was a huge demand for those, and Guam did not make the cut. It was a large application, \$50 million. The nice thing was it would have been matched by a \$50 million loan from the U.S. Department of Agriculture.

We are scrambling throughout the Federal Government, those of us who work on Guam, to address that issue so that we can try to preserve the USDA commitment to match—

Senator MURKOWSKI. So what do you figure the path forward will be?

Dr. ROBYN. Well, it is a little premature for me to say, but I think we recognize that the port needs to be upgraded to accommodate the buildup. It is a shared responsibility within the Federal Government. So we are looking at—the Department of Defense has very limited mechanisms for doing unauthorized—we cannot do unauthorized military construction. So we do not have the authority to do this even if we wanted to. We are looking at mechanisms, though, that would allow for a cross-Government acceptance of this responsibility because this is step one in the buildup.

Senator MURKOWSKI. It sounds like you are equally concerned and recognize the level of priority there.

Dr. ROBYN. Yes, absolutely.

Senator MURKOWSKI. Thank you, Madam Chair.

Senator HUTCHISON. Thank you.

Let me start on the Milcon for Europe. The \$513 million in Germany and in Korea, the Department is looking at tour normalization, which means extending the average tour length and allowing more dependents to accompany their sponsors.

OVERSEAS BASING COMMISSION

I just want to ask why is the Department undoing the Congress' authorization bill that included the Overseas Basing Commission, the previous commitments to bring home 70,000 troops, mostly from Germany and Korea. This was a bill—Overseas Basing Com-

mission was cosponsored by Senator Feinstein and myself when we ran this subcommittee.

It just seems that you are changing a policy that was established by Congress, and I would like to know what is the reason for this kind of commitment and the cost of \$2 billion to American taxpayers for this kind of building in Germany and Korea.

Mr. HALE. Well, Madam Chairwoman, let me try to be helpful by saying, first, I do not think it is our intention to undo congressional guidance or not to follow it.

We are committed to some level of overseas deployment of our troops, but we are looking at those specifics. The QDR, I think, arrived at a broad policy but did not arrive at some of the specifics that I know are of particular interest to you, especially whether or not we will bring home—or how many BCTs we will bring home from Europe. We decided that we needed some more negotiation with our allies before making that decision and, therefore, put it off. We expect to make a recommendation in the fiscal year 2012 budget as opposed to this budget.

As far as Korea, we—

Senator HUTCHISON. Excuse me. Then are you saying that the \$513 million does not include the extension of two more BCTs?

Mr. HALE. To my knowledge, it does not make that commitment because we have not made that decision.

Actually I looked at it. Our total overseas military construction is down sharply between 2010 and 2011 from \$3.1 billion to \$2.1 billion. But you are right. There are some increases in Germany, I think, associated with the Wiesbaden consolidation. But we have not made a decision as to whether or how many BCTs to bring home. Those will be, I believe, a commitment to reflect that decision in the fiscal year 2012 budget.

On Korea, we have approved the first phase of tour normalization, which is a fairly modest price tag, but are continuing to look at the second and third phases, which would be much more substantial in cost. I think part of the issue, as you raise, is that we have to assess what is our long-term commitment in Korea. I anticipate it will remain a commitment, but how large has to be a question.

Senator HUTCHISON. What is your policy as comptroller on the contribution of host countries such as Germany and Korea? And what would you be asking them to contribute for these specific requests?

Mr. HALE. I do not think we have a percentage policy. We always like contributions from our allies. I do not have for you the percentage contributions of the Germans in terms of the current overseas military construction. My sense is the Germans have been very helpful in paying operating costs. I am not sure on the military construction. I will have to supply that for the record.

We would like a substantial contribution. I think that is inevitably negotiated on a case-by-case basis.

Senator HUTCHISON. I would like, before we come forward with our recommended military construction appropriations report, to know what is the German and Korean contribution to the requests that are being made.

Mr. HALE. We will supply that.

[The information follows:]

The Republic of Korea (ROK) is not making any contribution to projects included in the fiscal year 2011 Milcon request. Rather, the ROK contributes to U.S. construction requirements through a formal burden sharing agreement, where construction is one component of that agreement.

In the year 2009, a 5-year burden (cost) sharing agreement was signed with the ROK. In force through the year 2013, the agreement is formally called the Special Measures Agreement (SMA). Under the 5-year SMA, ROK burden sharing contributions occur in three separate categories: labor, logistics, and construction. The ROK is providing 790.4 billion won (\$749.9 million) in burden sharing contributions during calendar year 2010—an increase of 30.4 billion won from the 760 billion won provided in calendar year 2009. Within these two totals, 315.8 billion won (\$299.6 million) and 292.2 billion won (\$228.9 million) is for construction in calendar years 2010 and 2009, respectively. In calendar year 2011, the ROK's total burden sharing contribution will be 812.5 billion won (\$829 million). It is expected that the portion of this total 2011 contribution devoted to construction will be around \$326 million.

In addition, the ROK funds most of the cost of relocating U.S. forces from Seoul under the Yongsan Relocation Plan (YRP). Further, ROK Funded Construction funding, provided under the Special Measures Agreement, is being used to the maximum extent to implement the Land Partnership Plan (LPP), which consolidates and relocates all other forces in Korea. The YRP and LPP realignment initiatives—currently underway—will result in better facilities and improved quality of life for USFK personnel, create enhanced warfighting capabilities, and demonstrate the commitment of the United States to an enduring military presence on the Korean Peninsula that will promote peace and stability on the peninsula and in the region.

The Government of Germany is not making any direct contribution to projects included in the fiscal year 2011 Milcon request. The United States has no formal infrastructure-related burden sharing agreement with Germany. However, through their participation in NATO and the NATO Security Investment Program (NSIP), Germany may ultimately share a portion of Milcon costs for the Air Traffic Control Tower in NAS Rota and the Hydrant Fuel Project in RAF Mildenhall. If NATO determines these projects to be eligible for common funding, 17 percent of any NSIP recoupment the United States receives could be accurately characterized as a German contribution. These projects have been pre-financed in accordance with DOD and NATO guidance in anticipation of potential future recoupment. (The requested SHAPE school and NATO HQ projects represent the U.S. portion of those projects and there will be German and other national contributions.)

While Germany makes no direct contributions to the U.S. Milcon program, they make significant non-financial contributions in support of U.S. interests. In accordance with the terms of the SOFA, the United States executes the majority of our Milcon in Germany through the German Bauamt. Because Bauamt fees are significantly lower than those charged by the Corps of Engineers, use of these services reduces the direct cost of design, procurement, and construction management activities by roughly 65 percent. In fiscal year 2011, this indirect contribution equates to approximately \$30 million.

In addition, Germany bears approximately 25 percent of the direct costs for items such as rents on privately owned land, facilities, labor, utilities, and vicinity improvements in support of Germany-based United States forces. Further, Germany has assisted United States force presence in the facilities area through host nation funding of nearly \$1 billion to date in facilities constructed as Payment in Kind compensation for U.S.-funded improvements at facilities returned to the host nation. Other indirect contributions include loan guarantees to public private venture housing, non-imposition of certain taxes/fees, and rent free use of land for basing and training.

Senator HUTCHISON. Was there a business case analysis prepared that justified retaining four BCTs in Europe?

Mr. HALE. I am not aware of a business case. I am aware of considering that in light of our overall desire for overseas deployment, some of which aid our ability, for example, to fight in Iraq and Afghanistan. We are drawing heavily on those troops. Especially in the beginning, we drew heavily on troops deployed in Germany. So I think it is a foreign policy decision, and one that is taken in the context of the QDR. But as I said, we decided not to make the spe-

cific decision this year. We wanted further negotiations with our allies.

Senator HUTCHISON. Well, I would like to ask you also to submit for the record whether it is, in fact, more efficient to deploy from Germany into Iraq and Afghanistan as opposed to from the United States because there were severe restrictions placed on transferring troops into Iraq in the early stages of that buildup. And it caused delays and it even caused having to use, in some cases, paratroopers as opposed to trains and even air flights. So I think that has to be considered, and I want a report on that because I think it is a factor.

[The information follows:]

There is no single answer to whether it is more efficient to deploy from CONUS or Europe. There are many ways to define deployment efficiency including time, fuel usage, manpower, transport demand, and diplomatic challenges. For instance, Germany may be more efficient for airlift but may not be for sealift.

To be clear, Germany placed no practical impediments or hindrances on United States deployment to Iraq and Afghanistan. In fact, Germany provided guards for United States bases to free up personnel for deployment.

GUAM

Senator HUTCHISON. Okay, let us talk about Guam. I appreciate your statements, Dr. Robyn, but I think there are significant questions and certainly significant cost increases on the horizon for this move on Guam. The report in the news is that the Governor of Guam has said he needs \$3 billion in assistance before we spend \$13 billion on military construction.

I would just ask the question because this is going to significantly increase the cost to American taxpayers. Japan has agreed to fund a significant portion of this move, I think around \$7 billion, which I think is very helpful. But the rest would then, of course, fall on the American taxpayer.

Are you looking at alternatives at all that would be more efficient than this entire move to Guam? Is there any alternative even being considered. With the size of the island and the infrastructure not being adequate, are there other alternatives that we ought to be looking at?

Dr. ROBYN. I am going to defer to my colleague, Derek Mitchell, on this one.

Mr. MITCHELL. Okay. Thank you, Senator.

In fact, this process has been going on for about 15 years since the mid-1990s looking at alternatives for moving the Marine base in Okinawa to another location. So basically a host of alternatives have been looked at by the U.S. Government in cooperation with the Government of Japan for that period.

Right now, the Government of Japan, the new Government of Japan, is looking at this very question of are there viable alternatives from their perspective. That review is ongoing. We respect that review in the U.S. Government, and we are waiting for them to come up with their version and their view.

We believe the current is the best. We really have looked at a number of different options.

Senator HUTCHISON. "Current" meaning the move to Guam or staying in Okinawa?

Mr. MITCHELL. Well, moving the Marine base, the Futenma base, up to the north of Okinawa and then some of the marines back to Guam. That really is the best.

Senator HUTCHISON. A fewer number than the 8,000?

Mr. MITCHELL. No the current plan, 8,000 to Guam and 10,000 up to the north of Okinawa. We looked at a number of different permutations and options over truly 10–15 years and continue to respect the process that the Government of Japan is undergoing right now. So yes, the answer to your question is we have looked at alternatives, but we still believe this is the best.

Dr. ROBYN. Can I just say that, of course, we are not going to move any marines from Futenma until we have an agreement—or until there is clarity on where they are going. But having said that, Guam is—there has never been an issue that Guam is of vital, strategic importance and a good place to expand our military presence. It is U.S. territory. It is one of a number of islands. It provides real strategic benefits.

Senator HUTCHISON. Well, I would just submit that in the time that you say we have been looking at this, certainly the infrastructure is worse than we had predicted and costs have certainly gone up. So I just think it is worth another look at whether this island can accommodate this kind of influx and if it is the very best move that we could make. But I realize that options are probably few in this part of the world.

I mean, Korea would be—the move south in Korea I know is certainly part of our overall strategy, which is correct, because it will provide forward basing opportunities. I mean, speaking of Korea, I still question how many troops and now even an added element in Korea of longer tours and more families, which increase costs. I am going to probably want to look at that more carefully as well, just how much more we are going to do in Korea. We do need to get out of the base in Seoul and move south, and that is in our interest as well as Korea's. But we have certainly kept a presence there for longer than was necessary by far.

And I just think we have got to start looking at the money that we are spending overseas and is it better to have permanent bases in America where you do not have training constraints and you do not have urban buildup and it is a more stable environment for our families. So I would like to pursue that with anyone who is willing to answer, or do I need to go to other policymakers for those thoughts?

Mr. MITCHELL. I appreciate those sentiments, Senator. Let me just say from the strategic standpoint—I am in the policy division of the Pentagon. And there really is a strategic value, as you suggest, on the forward deployment of U.S. forces. It has a tremendous impact on the commitments that we continue to have to our allies, to our strategic position in Asia. It gives us an advantage as well. So I understand the costs and the difficulties of working with foreign local communities, et cetera. There are challenges. There are complications involved. But the strategic advantage in our relationships and preferred diplomatic engagement that we get from the deployment, our ability to engage other forces, to interact with them, to mix with them, to train does have a great strategic impact

for the United States overall even if there may be some constraints placed on them.

MOVING MARINES TO GUAM

Senator HUTCHISON. Have you looked at whether it would be more efficient to move some of the Guam marine base personnel to Korea and consolidate there rather than the added infrastructure and the coral reef issue at the port? There are so many issues that are coming up now that had not been there before. Are you looking at whether perhaps that Marine base or part of it would be more efficiently put as a forward deployment opportunity in Guam?

Mr. MITCHELL. Well, we have looked at—

Senator HUTCHISON. I mean in—I am sorry—Korea.

Mr. MITCHELL. In Korea. As I say, over a long period of time, we looked at various options, and this is, as you say, a very complicated, complex issue and there will be challenges to put forces in Korea as there would be other places. You know, this is a fluid situation. I mean, the American presence in Asia has been—well, we have been there since World War II and we have been quite flexible in how we postured ourselves. We continue to review our posture in Asia and East Asia. We think Guam, though, is quite a strategic location. It is, as you suggest, a U.S. territory. There are challenges on the ground in Guam, but they would be putting some funding into U.S. citizens to building up U.S. infrastructure in that regard. We have a great deal of flexibility operating from there as well.

So there are benefits being completely into the Asian continent, as we are in Korea and just offshore in Japan, as well as being back in Guam. And it gives us a kind of flexible, modern and, I think, strengthened posture in Asia that we need to maintain our strategic position in the region.

Senator HUTCHISON. Well, I would like to hear that you are looking at whether 8,000 troops is the right footprint in Guam, given the very recent questions that are being raised by the EPA. Maybe there needs to be a congressional requirement that you look at this, and I am going to think about that. And if you would like to give me further information so that there is not a directive, but maybe there should be a directive that we look at whether 8,000 is the right number in Guam or maybe a smaller footprint that would have less cost and opportunity to do more consolidation somewhere else, maybe Korea. I realize the Japanese Government has been cooperative and helpful in the Japanese footprint, but I just think the concerns being raised by the EPA are significant, and then the Governor of Guam asking for \$3 billion. I think their interest in this is getting questioned by their own population. So I would like to hear more from you on this.

GUAM

Dr. ROBYN. Senator Hutchison, could I just make one comment? In thinking about their infrastructure, it is useful to think about it in two pieces. One, Guam is a U.S. territory. Its infrastructure needs to be in compliance with EPA regulations, which it is not in major ways right now. That is a problem whether or not we go there. The U.S. taxpayers, including the people of Guam, are going

to have to share that burden regardless. I think the question has to do with the additional expansion to the infrastructure that the military buildup would require. But under any circumstances, Guam's infrastructure needs to be brought into compliance with U.S. regulation.

Senator HUTCHISON. Well, I would like to know what percent of \$3 billion is in infrastructure that would be required versus the additional imprint that the marine base would put on Guam.

Let me just move to the Guantanamo Bay. Secretary Hale, why was the full restoration of the prison in Illinois not all put into the military construction budget?

Mr. HALE. Madam Chairwoman, we understand we need to work with the Congress to figure out a way ahead on this issue, and we wanted to preserve budgetary options. So what you see is a transfer fund in the fiscal year 2011 OCO budget for \$350 million for all aspects of detainee operations. It could be used for military construction to open the Thompson site. It could be used to close Guantanamo, or it could be used for operations at either site. For example, if we end up staying at Guantanamo, it will be only used for operations there. Since we did not know for sure what the final decision would be, we felt a transfer fund provided us the necessary flexibility.

MOVING PRISONERS FROM GUANTANAMO BAY

Senator HUTCHISON. Well, I think there have been significant questions raised about the movement of prisoners out of Guantanamo Bay. We have made significant infrastructure improvements at Guantanamo Bay. We have kept the prisoners in a secure place, not a threat to anyone in the United States. And talking about \$350 million to renovate this prison, you are going to deploy 1,000 military personnel there to guard them, all of which are already accommodated at Guantanamo Bay, I just think in an economic situation with the debt that this country is incurring, it is something that should certainly be reconsidered by this administration and I would hope that the administration would. I mean, they are reconsidering the decision to try these detainees in New York City. Thank goodness. And I think that we should also reconsider the transfer of all the prisoners into the United States from Guantanamo Bay, but I realize that is above your pay grade.

Mr. HALE. I think that is right.

But we do want the budgetary flexibility, and let me urge caution in one sense. If we stay at Guantanamo—the President has said he wants to close Guantanamo, and I certainly support that decision. But if we end up staying there, we will need a substantial part of that fund to operate Guantanamo. So we need to be careful to preserve our ability if the decision is made to remain at Guantanamo.

Senator HUTCHISON. I agree, but we are not going to have a lot of building requirements there. We have done that. We have made that investment. I think that we need to be looking at efficient use of taxpayer dollars as well as security.

ADDITIONAL COMMITTEE QUESTIONS

Thank you. I do appreciate the panel. I know I have had tough questions, and I look forward to hearing more about some of these

issues and particularly the overseas military construction. And I think we really need to have a lot more policy discussion on this issue before we move forward. Thank you very much.

Mr. HALE. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO HON. ROBERT F. HALE

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. The Department of Defense seems to be undoing the intent of the Overseas Basing Commission and the intent of Congress by the recent QDR recommendations to retain two Brigade Combat Teams in Europe, to significantly increase Milcon funding for Germany and to change the tour length policy in Korea to increase the United States personnel presence on the peninsula.

What is the reasoning behind each of these decisions?

Answer. Significant changes in the geo-strategic environment over the last 5 years, such as NATO's central role in Afghanistan and tensions on NATO's periphery, and the growth and transformation of the U.S. Army's force structure warranted the QDR's re-evaluation of the Department's 2004 Integrated Global Posture and Basing Study decisions to return two Heavy Brigades from Europe and merge Army V Corps HQ with U.S. Army Europe.

The Department of Defense (DOD) deferred the decision to return two Brigade Combat Teams from Europe after carefully considering the issue from numerous perspectives: strategic, operational, force management, quality of life, stress on the force, institutional, environmental, and financial. DOD's analysis concluded that any decision on the two Heavy Brigades or Army V Corps HQ would need to be made in a cooperative manner with NATO Allies and consistent with the revised NATO Strategic Concept. This approach explicitly took into account the conclusions of the congressionally mandated Overseas Basing Commission, which considered the retention of the BCTs in Europe "a cost effective risk mitigation force."¹

The decision on the tour length policy in Korea is consistent with the Department's 2004 basing study. The change in tour length policy in Korea does not affect the United States force posture and the number of United States personnel assigned to Korea. Rather, the change in tour length policy increases unit capabilities, demonstrates the long-term commitment of the United States to the Alliance and to the defense of Korea, helps enable force availability for potential deployment to other regions, decreases unit training costs, and reduces stress on service-members, bringing tour length policies in line with similar theaters such as Japan and Germany.

Question. Was there a fiscal business case evaluation of the decision to retain two BCT's in Europe? If no, why not and if yes, will you share it with this subcommittee?

Answer. The Department of Defense (DOD) decided to defer the decision to return two Brigade Combat Teams from Europe after carefully considering the issue from numerous perspectives: strategic, operational, force management, institutional, environmental, and financial. The financial aspects considered the costs of remaining in Europe, the costs of relocating to the United States, and the costs of rotating units to Europe to fulfill the operational requirements they currently meet. DOD's analysis concluded that there was no overwhelming fiscal case supporting either retaining the two Heavy Brigades in Europe or returning them to the United States. Rather, the analysis showed that strategic considerations, such as contribution to regional security, deterrence, and reassurance to allies are vital, particularly in the short-term. DOD will continue to work towards a final decision on this issue, in concert with our NATO Allies and consistent with the upcoming revised NATO Strategic Concept.

Question. I am concerned about the amount of construction funds requested by the Department for projects overseas, particularly Germany and Korea.

What is the amount of the fiscal contributions by the governments of Germany and Korea for military construction for the last 3 years?

¹ Commission on Review of the Overseas Military Facility Structure of the United States, May 9, 2005, pg. F12.

Answer. Under a Special Measures Agreement (SMA), the Republic of Korea (ROK) contributes burden sharing support to United States Forces Korea (USFK) in the following categories:

- Labor Cost Sharing—cash provided to pay the salaries and benefits of Korean National employees working for USFK.
- ROK Funded Construction—cash and in-kind transfers used for USFK's military construction and military construction-like requirements.
- Logistics Cost Sharing—in-kind provision of logistics equipment, supplies, and services to USFK.

Through the SMA, the ROK provided USFK with burden sharing contributions that totaled \$741.5 billion won (\$672 million) in calendar year 2008, \$760 billion won (\$595.5 million) in calendar year 2009, and \$790.4 billion won (\$663.3 million) in calendar year 2010. Within these totals, the amount dedicated for construction in these 3 years is \$264.2 billion won (\$239.4 million) in calendar year 2008, \$292.2 billion won (\$228.9 million) in calendar year 2009, and \$315.8 billion won (\$299.6 million) in calendar year 2010.

While the Department does not have a formal burden sharing agreement with the Federal Republic of Germany, one of the ways they assist United States force presence is through the provision of facilities using host nation funding as Payment in Kind compensation for the U.S.-funded improvements on facilities returned to them. From 2008 to the present, the German government will have contributed approximately \$33.5 million in Payment in Kind through construction of the following three projects:

- Wiesbaden Army Air Field: Infrastructure/Site Improvements, \$23.0 million;
- Urlas Training Center, Ansbach: Infrastructure/Site Improvements, \$4.0 million; and
- Urlas Training Center, Ansbach: Access Control Point, \$6.50 million (Approved but not yet started).

Question. I am concerned about the ability of our troops to adequately train in and deploy from European locations versus locations in the United States.

Answer. We have proven our mission readiness and training capacity during multiple brigade rotations over the past 7 years from numerous locations throughout Germany to include Grafenwoehr, Baumholder, Ansbach and Schweinfurt to name just a few. The brigade at Baumholder and the brigade being consolidated at Grafenwoehr both have immediate access to two of the largest and best training areas in Europe. These two locations offer training, deployment and quality of life capabilities comparable to facilities anywhere in the United States. Grafenwoehr has firing ranges immediately available for the use of live fire, urban training, simulation, unexploded ordnance, IED detection lanes and more. Soldiers in Europe have the added benefit of continuous opportunities to train with soldiers from allied and partner nations. These opportunities have proven invaluable in building coalition partnerships with both NATO and non-NATO countries, and enhancing unit interoperability which remains critical in the field. Training and exercising in Europe also offers unique professional development for our future leaders. This same multi-national experience in coalition operations is unavailable to units based in the United States who may be called upon to deploy, or U.S.-based units who are scheduled to deploy conducting periodic rotations at forward locations.

Deployment capability from European locations varies from installation to installation, but in general, it is comparable to deployment from U.S. locations. Rail lines and seaports in both United States and Europe can generally handle deployments well, but as they are commercially owned, the U.S. Army does not generally fund any improvements to commercially owned transportation nodes and links. Similar to U.S. installations, the European theater has deployment infrastructure to enhance deployment outload capability. Just as deployment from any U.S. installation, there can be minor gaps in various deployment infrastructure at European installations that affect the ability to meet deployment timelines. In general, these gaps are minor depending on the installation in question.

Question. Please provide an analysis of the training and deployment capabilities from locations in Germany versus major installations in the United States.

Answer. U.S. forces have, for years, received the highest caliber training at forward located training sites in EUROM. These facilities have prepared numerous units for the rigors of combat in Iraq and Afghanistan, and carry with them the added benefit of direct on-the-ground training and interaction with Allied/partner nations under controlled conditions, when clear lessons can be conveyed and genuine learning assimilated. These geographical benefits pay important dividends building partner capacity and developing coalition warfighting interoperability, essential to success in the contemporary international security arena.

U.S. Army Europe (USAREUR) has adequate training facilities to meet home station and pre-deployment training requirements. USAREUR units have successfully deployed in support of Operation Iraq Freedom and Operation Enduring Freedom over the past 8 years and relied on USAREUR's training infrastructure to prepare. Grafenwoehr Training Area (GTA) is USAREUR's primary live fire range complex and provides state-of-the-art ranges capable of accommodating live fire training from small arms through battalion live fire exercises. GTA has approximately 57,000 acres of ranges and training areas which are capable of supporting the doctrinal training requirements for Mechanized Infantry, Armor, Stryker, Artillery, Aviation (rotary and fixed wing), and Light/Airborne Infantry units.

In addition to the GTA, USAREUR also has the Joint Multinational Readiness Center (JMRC). JMRC is the Europe based Combat Training Center (CTC) with a world-wide exportable training capability. JMRC trains leaders, staffs, units up to Brigade Combat Teams (+), and multinational partners to dominate in the conduct of Full Spectrum Operations (FSO). A typical JMRC year can support eight possible rotation windows, all of which can be used to train for operations in Iraq and Afghanistan. In comparison the U.S.-based National Training Center and Joint Readiness Training Center supports 10 possible rotations per year.

USAREUR has range infrastructure comparable to most United States installations that support a similar amount of units. Fort Carson, Colorado, provides a fair comparison i.e. 4 Heavy Brigade Combat Teams (BCTs) and has approximately 45 live fire ranges to support live fire training requirements. USAREUR's current force (2 Heavy BCTs, 1 Stryker BCT, and 1 Airborne BCT) has 44 ranges to support its live fire training requirements. Units deploying from both locations are able to successfully conduct home station as well as pre-deployment training.

Regarding United States deployment capabilities from Germany, the most expeditious route for deployment of EUCOM heavy forces remains the use of the rail and seaport infrastructure in Western Europe through seaports such as Rotterdam, Netherlands, Bremerhaven, Germany, and Antwerp, Belgium. Currently, we flow our Germany-based heavy brigade via ports on the North Sea. U.S. Transportation Command's and U.S. Central Command's joint planning factors estimate a 23- to 32-day transit timeline from Northern Europe to Southwest Asia's Ash Shuayba port in Kuwait. When USAREUR deployed the 1st Infantry Division from European ports to Southwest Asia, the transit time was only 18 days. Alternatively, U.S.-based heavy brigades take up to 43 days to flow from the West Coast of the United States to this same port. Obviously, European infrastructure also allows us to deploy rapidly within our own theater. Our routes utilize Western Europe's mature and robust rail and seaport infrastructure, and are facilitated by well established, dependable host nation support. In the event of major combat operations requiring multiple U.S. divisions, U.S. ports and rail lines could quickly become overwhelmed. Deploying from Europe saves valuable time. It is quite possible that four EUCOM Brigade Combat Teams (BCT) could be loaded on ships and underway from Europe while their U.S. BCT counterparts are still awaiting their turn to load on railheads at U.S. installations.

QUESTION SUBMITTED BY SENATOR SUSAN COLLINS

Question. Every year, I join the other members of the Maine and New Hampshire delegations to attempt to address these funding shortfalls. For example, in fiscal year 2009, we were successful in securing \$20 million to provide a state-of-the-art facility to enhance the productivity and efficiency of submarine depot availabilities. Since 1971, all but four of the military construction projects at Portsmouth Naval Shipyard have been congressional priorities and not included in the Administration's budget requests. To their credit, the workforce continues to safely deliver boats to the Navy on time and on budget.

Why is it that my colleagues and I need to fight every year to make capital improvements to Portsmouth, a shipyard that former BRAC commission chairman, Anthony Principi, referred to as the Nation's preeminent shipyard?

Answer. Last year, the Navy completed a comprehensive condition assessment of Naval shipyard buildings to analyze restoration requirements. A configuration analysis was also recently completed for modernization requirements.

The Department is currently in the process of developing the future investment plans to ensure we can continue to effectively invest in our public shipyards to meet future mission requirements given the constrained fiscal environment.

Portsmouth Naval Shipyard's capital improvement requirements are included in this analysis. Milcon and Special Projects address facility deficiencies in the shipyard long-range infrastructure modernization plan. These projects are assessed

against all other Navy mission critical requirements and prioritized for funding within our limited fiscal controls.

We are investing \$23.8 million in fiscal year 2010 and \$17.0 million in fiscal year 2011 for O&M Special Projects in our continuing effort to sustain and improve Portsmouth infrastructure. We appreciate the continued support from Congress to provide capital improvements at Portsmouth Naval Shipyard. The Navy's shipyards are fully mission capable and will continue to meet both current and future planned ship maintenance workload.

QUESTIONS SUBMITTED TO DR. DOROTHY ROBYN

QUESTIONS SUBMITTED BY SENATOR MITCH MCCONNELL

Question. Ireland Army Community Hospital at Fort Knox is one of the oldest hospitals in the Army. With the new Brigade Combat Team stationed at the post, I am concerned over the state of the current hospital and its ability to meet the increased demands placed upon it. What is the status of the Army's decision on whether and when to build a replacement?

Answer. The Department is currently in the process of developing the fiscal year 2012 Future Year Defense Plan of medical military construction projects. The Office of the Assistant Secretary of Defense for Health Affairs is working to ensure that the requirements for Ireland Army Community Hospital at Fort Knox, Kentucky, are properly considered as it develops future priorities for the medical military construction program.

Question. With the recent addition of the Brigade Combat Team at Fort Knox, what is the Army doing to ensure that the installation is capable of deploying the unit with dispatch?

Answer. Fort Knox is currently designated as a power support platform (PSP) with the mission of strategically deploying individuals and units from all services to include Department of Defense civilian employees and reserve components. Even with the addition of an Infantry Brigade Combat Team, Fort Knox has sufficient capacity to support all deploying units.

The Army is working two key initiatives at Fort Knox to improve capabilities for deploying units. The first includes Army Forces Command (FORSCOM), providing additional resources (staff and funding) to support timely movement/deployment operations. Additionally, the Army has programmed military construction projects at Fort Knox to improve services, infrastructure and deployment readiness as part of the Army Power Projection Upgrade Program (AP3).

Question. In light of heavy deployments, I am concerned that many installations, including Fort Campbell, are still housing soldiers in Korean War-era barracks. What is the Department of Defense doing to ensure housing is brought up to date to help increase morale for our already overly taxed troops?

Answer. At Fort Campbell, the Army has a construction plan to eliminate the need for permanent party Soldiers to occupy Korean War-era barracks at the installation by the end of fiscal year 2013.

In 2008, the Army completed the permanent party Barracks Upgrade Program (BUP) using Army Sustainment, Restoration, & Modernization (SRM) funding. BUP eliminated many inadequate barracks through modernization of existing facilities, where feasible.

Additionally, the permanent party Barracks Modernization Program (BMP) will eliminate the Army's barracks shortfall and renovate inadequate barracks where modernization with SRM funding is not feasible. The Army plans to complete the BMP by the end of fiscal year 2013.

The Army is continuously reviewing its capital investment strategy to validate its plans for the replacement and sustainment of barracks, which constitute a major feature in the Army Campaign Plan. These plans address all barracks built before 1980.

Question. Why is the Blue Grass Army Depot chemical weapons stockpile in central Kentucky not being monitored around the clock?

Answer. The Blue Grass Chemical Activity (BGCA), subordinate to the U.S. Army Chemical Materials Agency, is in charge of the safe storage of the chemical weapons at Blue Grass Army Depot. The stockpile is stored in earth covered steel reinforced concrete bunkers. The bunkers are in a secured area with intrusion detection along with armed guards on roving patrols providing surveillance 24 hours a day.

The BGCA relies on multiple safeguards to monitor the chemical munitions stockpile to ensure public and workforce safety. These safeguards include monitoring in accordance with our approved Kentucky Department of Environmental Protection

permit along with visual inspections and application of munitions lot leaker data from both BGCA and other chemical agent storage sites. This combination of safeguards along with an active Chemical Stockpile Emergency Response Program have been in place at BGCA and all Army chemical stockpile storage sites for decades, and history has proven their effectiveness at protecting the workforce and the public.

Question. It is my understanding that Fort Campbell does not have a liaison to help our veterans' transition from the DOD healthcare system to the VA healthcare system like many military bases do, including Fort Knox. Is this true? If so, when can Fort Campbell expect to have a liaison fill this important role?

Answer. The VA Liaison position in question is actually a Department of Veterans Affairs position. Through informal coordination with the VA, DOD has learned that this vacant position has been under recruitment and a selection has been made. The VA is working all the issues of bringing the selected person on board.

Question. Where does the Department rank energy security among its energy policy priorities and why?

Answer. The Quadrennial Defense Review defined "energy security" as "having assured access to reliable supplies of energy and the ability to protect and deliver sufficient energy to meet operational needs." As such, the Department views energy security as the capstone of its energy policy, rather than as one of a list of competing priorities.

QUESTIONS SUBMITTED TO DEREK MITCHELL

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

Question. During the hearing we discussed the many problems associated with the relocation of the U.S. Marines to Guam.

Were the infrastructure shortcomings on Guam evaluated before the decision was made to relocate there?

Answer. The Department understood the infrastructure limitations on Guam would represent a potential constraint of the realignment-related construction and on the long-term sustainability of the relocating Marine forces. The limitations were identified in the 2006 Realignment Roadmap agreement with the Government of Japan. That plan specifically notes that the military build-up on Guam will require improvements in the civil infrastructure of the island. The roadmap agreement states that identifying the specific upgrades or facility improvements required will be part of Joint Guam Military Master Plan.

Question. Were any alternatives to Guam formally evaluated? If no, why not? If yes, what were they and why were they eliminated from consideration?

Answer. As part of the process leading up to the Realignment Roadmap agreement in 2006, the Department conducted a thorough analysis of the full range of U.S. force realignment alternatives in the Asia-Pacific region. In the end, the decision to move the Okinawa-based marines to Guam was made based on operational and political critical and our overall strategic requirements. The Guam relocation is part of a larger force restructuring plan under the Defense Policy Review initiative (DPRI) process. The full realignment package allows us to reposition more than 8,000 marines from Japan to Guam and return nearly 70 percent of the land south of Kadena Air Base, benefiting the people of Okinawa, addressing noise, safety and environmental concerns, and creating a much more sustainable presence for U.S. forces on Okinawa—all without adversely impacting the Alliance's operation needs and capabilities. As a U.S. territory strategically located in the Western Pacific, forward deployment to Guam enables us to meet our treaty and alliance requirements with Japan, allows for a rapid response to potential contingencies, and grants our forces the freedom of action they need to fulfill our commitment to peace and stability in the Asia-Pacific region.

DEPARTMENT OF THE NAVY

STATEMENT OF ROGER M. NATSUHARA, ACTING ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)

ACCOMPANIED BY:

MAJOR GENERAL EUGENE G. PAYNE, JR., ASSISTANT DEPUTY COMMANDANT (INSTALLATIONS AND LOGISTICS)

REAR ADMIRAL CHRISTOPHER J. MOSSEY, DIRECTOR OF SHORE READINESS

Senator HUTCHISON. And now we have our second panel: Mr. Roger Natsuhara, the Acting Assistant Secretary of the Navy; Major General Eugene Payne, the Assistant Deputy Commandant for Installations and Logistics; Rear Admiral Christopher Mossey, the Director of Shore Readiness.

I will start with you. Mr. Natsuhara, let us start with your opening statement.

SUMMARY STATEMENT OF ROGER M. NATSUHARA

Mr. NATSUHARA. Thank you, ma'am. Ranking Member Hutchison, it is a privilege to come before you today to discuss the Department of the Navy's investments in its shore infrastructure. I am joined this morning by Major General Payne, the Marine Corps Assistant Deputy Commandant for Installations and Logistics, and Rear Admiral Mossey, Director of the Navy Shore Readiness Division.

INSTALLATIONS

The Department's fiscal year 2011 budget request includes a \$14.9 billion investment in our installations. The military construction request of \$3.9 billion remains at an historical high.

Our program continues the effort to ensure facilities are in place to support the Marine Corps end strength of 202,100 active duty personnel. We are investing over \$700 million in funding for the construction of unaccompanied housing to support single sailors and marines. These funds support requirements associated with the Marine Corps' Grow the Force initiative and the Chief of Naval Operation's commitment to achieve Homeport Ashore by 2016.

GUAM

The Milcon request also provides further investments to relocate marines from Okinawa to Guam. The projects funded by this level of investment provide enduring infrastructure necessary to enable the construction program for fiscal year 2012 and beyond. The Government of Japan in its fiscal year 2010 budget has requested a comparable amount of \$498 million, and we expect to receive their contribution in June.

Regarding the EIS for the Guam relocation, as it is designed to do, the National Environmental Policy Act process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. To that end, we are currently analyzing all public comments, including those received from other resource agencies, in developing strategies for addressing concerns raised in the final EIS. We are committed to developing effective and appropriate mitigation.

FAMILY HOUSING

The family housing request provides for the recapitalization of overseas housing, as well as additional privatization, to address the Marine Corps Grow the Force initiative.

BASE REALIGNMENT AND CLOSURE

Regarding prior BRAC, we do not foresee much potential for large revenue from land sales. Thus, we again seek appropriate funds in fiscal year 2011 in the amount of \$162 million. The BRAC 2005 budget request of \$342 million supports outfitting, realignment, and closure functions as the necessary construction project for funding in prior years. We are on track for full compliance with statutory requirements by the September 15, 2011 deadline.

ENERGY

Finally, the Department is investing an additional \$174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment.

PREPARED STATEMENT

In closing, your support of the Department's fiscal year 2011 budget request will ensure the Department is able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow. Thank you for the opportunity to testify before you today. I look forward to answering any questions you may have.

Senator HUTCHISON. Thank you.

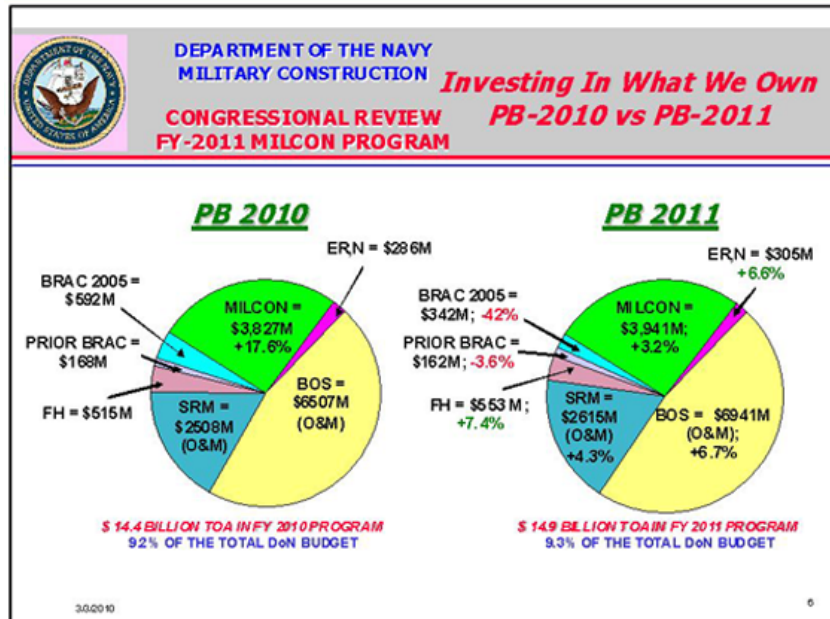
[The statement follows:]

PREPARED STATEMENT OF ROGER M. NATSUHARA; MAJOR GENERAL EUGENE G. PAYNE; AND REAR ADMIRAL CHRISTOPHER J. MOSSEY

Chairman Johnson, Senator Hutchison, and members of the subcommittee, I am pleased to appear before you today to provide an overview of the Department of Navy's investment in its shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

Our Nation's Navy-Marine Corps team operates globally, having the ability to project power, effect deterrence, and provide humanitarian aid whenever and wherever needed to protect the interests of the United States. Our shore infrastructure provides the backbone of support for our maritime forces, enabling their forward presence. The Department's fiscal year 2011 budget request includes a \$14.9 billion investment in our installations, an increase of over \$450 million from last year.



Our fiscal year 2011 request for Base Operating Support is \$6.9 billion (which includes nearly \$450 million for environmental programs), 6.7 percent greater than last year's request.

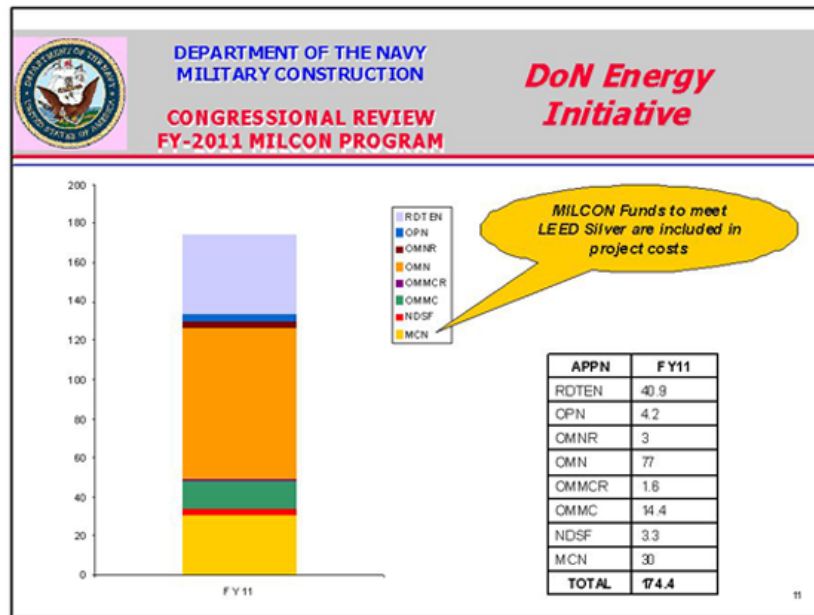
The fiscal year 2011 military construction (active + reserve) request of \$3.9 billion is only slightly larger than fiscal year 2010 request and remains at a historical high. The program continues the effort to ensure facilities are in place to support the Marine Corps' end-strength of 202,100 active duty personnel. It also provides further investments in accordance with the Defense Policy Review Initiative to relocate marines from Okinawa to Guam.

The fiscal year 2011 Family Housing request of \$553 million represents a 7 percent increase from the fiscal year 2010 request. The Navy and Marine Corps have continued to invest in housing, including both the recapitalization of overseas housing as well as additional privatization to address housing requirements. Thus, having virtually privatized all family housing located in the United States, at overseas and foreign locations where we continue to own housing we are investing in a "steady state" recapitalization effort to replace or renovate housing where needed.

Our BRAC program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

We do not foresee much potential for large revenue from land sales, which were used to fund the Legacy BRAC program from fiscal year 2005 through fiscal year 2008. Thus, we again seek appropriated funds in fiscal year 2011 in the amount of \$162 million. Should land sale revenue accrue from the disposal of the former Naval Station Roosevelt Roads in Puerto Rico and some other smaller property sales, we will reinvest them to accelerate cleanup at the remaining prior BRAC locations.

The fiscal year 2011 BRAC 2005 budget request of \$342 million supports only outfitting, realignment, and closure functions as the necessary construction projects were funded in prior years. The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans and we are on track for full compliance with statutory requirements by the September 15, 2011 deadline.



Finally, the Department's PB 2011 budget request includes an additional \$174 million to support Secretary Mabus' aggressive energy goals to increase energy security, reduce dependency on fossil fuels, and promote good stewardship of the environment. Toward this end, he directed an additional investment of \$1.4 billion be made through the Future Years Defense Program. The PB 2011 program funds three military construction projects to build photovoltaic arrays, continues research and development in operational energy efficiencies for the tactical fleet, and will enable the Services to increase the energy efficiency of its infrastructure.

Here are some of the highlights of these programs.

MILITARY CONSTRUCTION

The DoN's fiscal year 2011 Military Construction program requests appropriations of \$3.9 billion, including \$122 million for planning and design and \$21 million for Unspecified Minor Construction.

The active Navy program totals \$1.1 billion and includes:

- \$399 million to fund 11 Combatant Commander projects: a General Warehouse, a Horn of Africa Joint Operations Center, a base Headquarters Facility, and External Road Paving at Camp Lemonier, Djibouti; an Operations Support Facility, the third phase of the Waterfront Development, and an Ammunition Magazines in Bahrain; a Joint POW/MIA Accounting Command Facility and a Center for Disaster Management/Humanitarian Assistance in Pearl Harbor, Hawaii; a Vehicle Paint Facility at Macdill AFB, Florida; and an Air Traffic Control Tower in Naval Air Station Rota, Spain.
- \$75 million to fund one Bachelor Quarters at Naval Base San Diego, California in support of the elimination of Homeport Ashore deficits by 2016 at the Interim Assignment Policy (2 personnel per room).
- \$101 million to fund four Nuclear Weapons Security projects: a Security Enclave and Waterfront Emergency Power at Submarine Base Kings Bay, Georgia; and Waterfront Emergency Power and Limited Area Emergency Power at Naval Base Kitsap, Washington.
- \$148 million to fund five projects to achieve Initial/Final Operational Capability requirements for new systems: an Aviation Simulator Training Facility at Naval Air Facility Atsugi, Japan; a Broad Area Maritime Surveillance Testing and Evaluation Facility at Naval Air Station Patuxent River, Maryland; a T-6 Capable Runway Extensions at Outlying Landing Fields (OLF) Barin and

- Summerdale, Alabama; a MH-60 R/S Rotary Hangar at Naval Base Coronado, California; and Upgrades to Piers 9/10 at Naval Station Norfolk, Virginia.
 - \$196 million to fund additional critical Navy Priorities: an Electromagnetic Sensor Facility at Naval Station Newport, Rhode Island; the second phase of the Agile Chemical Facility at Indian Head, Maryland; a Pier Replacement and Dredging at Naval Base San Diego, CA; a Laboratory Expansion at Naval Base Kitsap, Washington; and a Pier Upgrade at Naval Station Norfolk, Virginia.
 - \$119 million to fund follow-on increments of projects previously incremented by Congress: the final increment of the Limited Area Production and Storage Facility at Naval Base Kitsap, Washington; and the second increment of the Pier 5 Recapitalization at Norfolk Naval Shipyard, Virginia.
 - \$57 million for planning and design efforts.
- The active Marine Corps program totals \$2.8 billion of which \$1.25 billion is for Grow the Force and \$452 is for design and construction to support the relocation of marines to Guam.
- \$630 million for the construction of unaccompanied housing at Camp Pendleton, Twentynine Palms, Hawaii, Cherry Point, Camp Lejeune, and Quantico in a continuation of the Commandant of the Marine Corps' initiative to improve the quality of life for single marines;
 - \$74 million to provide quality of life facilities such as dining facilities and physical fitness centers at Beaufort, Hawaii, and Camp Lejeune;
 - \$56 million to construct student billeting for the Basic School in Quantico, Virginia;
 - \$357 million to build infrastructure to support new construction. These projects include communications upgrades, electrical upgrades, natural gas systems, drinking and wastewater systems. These projects will have a direct effect on the quality of life of our marines. Without these projects, basic services generally taken for granted in our day-to-day lives, will fail as our marines work and live on our bases;
 - \$781 million to fund operational, maintenance, and storage support projects such as those needed for the MV-22 aircraft at New River and Miramar and Joint Strike Fighter at Yuma; and operational units in Camp Lejeune, Cherry Point, Camp Pendleton, and Hawaii;
 - \$195 million to provide training facilities for aviation units at Camp Pendleton, Beaufort, and Yuma;
 - \$50 million to support professional military education by providing facilities at Marine Corps University in Quantico;
 - \$25 million to provide encroachment control at Beaufort and Bogue Field;
 - \$30 million to provide military construction-funded photovoltaic power plants at Camp Pendleton, San Diego, and Camp Lejeune;
 - \$75 million to support on- and off-load equipment operations at Blount Island;
 - \$427 million for facilities necessary to support the relocation of marines to Guam; and
 - \$64 million for planning and design efforts.

With these new facilities, marines will be ready to deploy and their quality of life will be enhanced. Without them, quality of work, quality of life, and readiness for many marines will have the potential to be seriously degraded.

The Navy and Marine Corps Reserve Military Construction appropriation request is \$61 million, including \$2 million for planning and design efforts, to construct a Reserve Training Facility at Yakima, Washington, a Vehicle Maintenance Facility at Twenty-Nine Palms, California, a Joint Air Traffic Control Tower at Joint Reserve Base New Orleans, Louisiana, and an Ordnance Cargo Logistics Training Complex at Naval Weapons Station Yorktown, Virginia.

FULLY FUNDED AND INCREMENTALLY FUNDED MILCON PROJECTS

Our fiscal year 2011 budget request complies with Office of Management and Budget Policy and the DOD Financial Management Regulation that establishes criteria for the use of incremental funding. The use of incremental funding in this budget has been restricted to the continuation of projects that have been incremented in prior years. Otherwise, all new projects are fully funded or are complete and usable phases. However, as the cost of complex piers and utilities systems rise above the \$100 million and even \$200 million threshold, compliance with the full-funding policy drives both Services to make hard choices regarding which other equally critical projects must be deferred into the next year.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of buildings and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). The fiscal year 2011 budget request funds sustainment at 92 percent and 90 percent for the Navy and Marine Corps, respectively. For Navy, funding includes Joint Basing investments which requirements have yet to transfer. Once they do, the rate will revert to 90 percent.

Restoration and modernization (R&M) provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and BRAC, as applicable. Although OSD has determined a condition-based model ("Q-ratings") is the best approach to prioritize funding, establishing metrics has been challenging. Nonetheless, in fiscal year 2011, the Department of Navy is investing nearly \$1.3 billion in R&M funding.

Encroachment Partnering

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. Encroachment Partnering Agreements help prevent development that would adversely impact existing or future missions. These agreements also preserve important habitat near our installations in order to relieve training or testing restrictions on our bases. The program has proven to be successful in leveraging Department of Defense and Department of Navy resources to prevent encroachment.

For fiscal year 2009, the Navy acquired restrictive easements over 3,091 acres. The acquisitions were funded by \$7.1 million from the Department of Defense Readiness and Environmental Protection Initiative (REPI) program, \$2 million of Navy funds, and \$9.25 million from the encroachment partners. The Marine Corps during fiscal year 2009 acquired easements over 1,777 acres. These acquisitions were funded by \$7.7 million from REPI, \$6.2 million from Navy funds, and \$7.2 million from the encroachment partners. The encroachment program has successfully initiated restrictive easement acquisitions at 13 Navy installations and 7 Marine Corps installations.

Compatible Development

Vital to the readiness of our Fleet is unencumbered access to critical water and air space adjacent to our facilities and ranges. An example is the outer continental shelf (OCS) where the vast majority of our training evolutions occur. The Department realizes that energy exploration and off-shore wind development play a crucial role in our Nation's security and are not necessarily mutually exclusive endeavors. Therefore, we are engaging with the other services, the Secretary of Defense's office, and the Department of Interior to advance the administration's energy strategy. We are poised to coordinate with commercial entities, where feasible, in their exploration and development adjacent to installations and our operating areas along the OCS that are compatible with military operations. However, we must ensure that obstructions to freedom of maneuver or restrictions to tactical action in critical range space do not measurably degrade the ability of naval forces to achieve the highest value from training and testing.

The Department of the Navy has an aggressive program to manage and control encroachment, with a particular focus on preventing incompatible land use and protecting important natural habitats around installations and ranges. A key element of the program is Encroachment Partnering (EP), which involves cost-sharing partnerships with States, local governments, and conservation organizations to acquire interests in real property adjacent and proximate to our installations and ranges. The Department prevents development that is incompatible with the readiness mission, and our host communities preserve critical natural habitat and recreational space for the enjoyment of residents. Navy and Marine Corps have ongoing EP agreements at 14 installations and ranges nationwide, with additional agreements and projects planned in fiscal year 2010. EP has been a highly effective tool for ad-

addressing encroachment threats from urban development and is a win-win for the Department and our host communities.

In fiscal year 2008, Navy and Marine Corps completed partnership acquisitions on 16,662 acres. Funding for those purchases of land and easements included a combined contribution from DOD and DoN of \$11.72 million, which was matched by similar investments from partner organizations. In fiscal year 2009, Navy and Marine Corps received an additional \$19.78 million from the DOD Readiness and Environmental Protection Initiative program, which will be combined with funding from the Department and our partner organization.

ENERGY REFORM

The Department of the Navy (DoN) is committed to implementing a balanced energy program that exceeds the goals established by the Energy Independence and Security Act of 2007, Energy Policy Act of 2005, National Defense Authorization Act of 2007 and 2010, Executive Orders 13423 and 13514. We place a strong emphasis on environmental stewardship, reducing overall energy consumption, increasing energy reliability, and reducing our dependence on fossil fuels. The Department is a recognized leader and innovator in the energy industry by the Federal Government and private sector as well. Over the past 9 years, DoN has received 28 percent of all of the Presidential awards and 30 percent of all of the Federal energy awards. Additionally, DoN has received the Alliance to Save Energy "Star of Energy Efficiency" Award and two Platts "Global Energy Awards" for Leadership and Green Initiatives.

Organization and Commitment

Increased Energy Efficiency is a Department of Defense (DOD) High Priority Performance Goal. Moreover, the Secretary of the Navy (SECNAV) is whole-heartedly committed to the energy effort and it is one of his top three initiatives for the Department. The Secretary established a Deputy Assistant Secretary of the Navy for Energy (DASN-Energy) to consolidate the Department's operational and installation energy missions. The consolidation of both operational and installation energy portfolios under one director is unique to the Department of the Navy. The DASN-Energy will be a career member of the Senior Executive Service who will report directly to the ASN (I&E) and will be able to coordinate across the Department to develop overarching policy, provide guidance, oversee the continued development of new ideas and align existing programs. In turn, each of the Services has established an energy management office to implement the Secretary's guidance. Within the Chief of Naval Operations (CNO) organization, a Navy Energy Coordination Office (NECO) was established to develop and institutionalize the Navy's Energy Strategy. Within the Commandant of the Marine Corps (CMC) organization, an Expeditionary Energy Office was established to drive energy efforts and initiatives within the expeditionary forces on the ground in theater.

From the secretary down to the deck plate sailor and the marine in the field, the Department is committed to meeting our aggressive energy goals. We all view energy as an invaluable resource that provides us with a strategic and operational advantage.

Energy Goals

The key statutory and regulatory goals relevant to installation energy consumption require the following:

- Reduce energy intensity (BTUs per square foot) by 3 percent per year, or 30 percent overall, by 2015 from the 2003 baseline [Energy Independence and Security Act of 2007, or EISA] [this includes an 18 percent reduction by the end of fiscal year 2011 in accordance with DOD's High Priority Performance Goals in the President's Budget];
- Increase use of renewable energy to 7.5 percent in 2013 and beyond (Energy Policy Act of 2005, or EPACT); and produce or procure 25 percent of all electric energy from renewable sources by the end of 2025 [National Defense Authorization Act of 2007] [this includes the DOD's High Priority Performance Goal of 14.3 percent by 2011]; and
- Reduce consumption of petroleum (gasoline and diesel) by non-tactical vehicles by 30 percent by 2020 [Executive Order 13514, October 2009].

However, in October of 2009, Secretary Mabus established far more aggressive goals for the Department. For installations, he directed that 50 percent of our shore energy will come from alternative sources and that by 2015 the Department will reduce fleet vehicle petroleum usage by greater than 50 percent. Based on these ambitious energy goals, we are developing our strategic roadmap and a set of energy directives that will provide guidance and direction to the Navy and Marine Corps. We

are also developing baseline metrics, milestones, tools and methodologies to measure and evaluate progress towards meeting the Secretary's goals. Additionally, we are documenting our past and current energy use for tactical platforms and shore installations. We are making investments, allocating resources, developing possible legislation, institutionalizing policy changes, creating public-private partnerships, and pursuing technology development required to meet these goals. These investments will include \$28.23 million in Energy Conservation Investment Program (ECIP) projects, which have a savings to investment ratio of 2.94.

HOUSING

The following tenets continue to guide the Department's approach to housing for sailors, marines, and their families:

- All service members, married or single, are entitled to quality housing; and
- The housing that we provide to our personnel must be fully sustained over its life.

A detailed discussion of the Department's family and unaccompanied housing programs, and identification of those challenges, follows:

FAMILY HOUSING

As in past years, our family housing strategy consists of a prioritized triad:

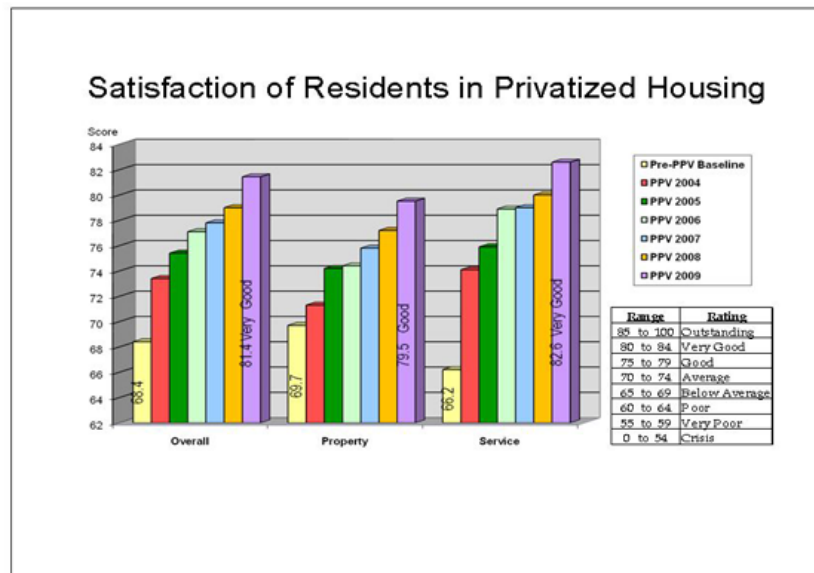
- Reliance on the Private Sector.*—In accordance with longstanding DOD and DoN policy, we rely first on the local community to provide housing for our sailors, marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. We determine the ability of the private sector to meet our needs through the conduct of housing market analyses that evaluate supply and demand conditions in the areas surrounding our military installations.
- Public/Private Ventures (PPVs).*—With the strong support from this Committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.
- Military Construction.*—Military construction (Milcon) will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not feasible.

Our fiscal year 2011 budget includes \$186 million in funding for family housing construction, improvements, and planning and design. This amount includes \$107 million for the Government investment in continued family housing privatization at Marine Corps Bases Camp Pendleton, California and Camp Lejeune, North Carolina. The request for Camp Lejeune includes funding for an addition to a Department of Defense school. It also includes \$76 million for the replacement or revitalization of Navy and Marine Corps housing, primarily in Japan and Cuba where the military housing privatization authorities do not apply. Finally, the budget request includes \$366 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory.

As of the end of fiscal year 2009, we have awarded 33 privatization projects involving over 62,000 homes. These include over 42,000 homes that will be constructed or renovated. (The remaining homes were privatized in good condition and did not require any work.) Through the use of these authorities we have secured approximately \$9 billion in private sector investment from approximately \$900 million of our funds, which represents a ratio of over nine private sector dollars for each taxpayer dollar.

While the military housing privatization initiative has been overwhelmingly successful, we can continue to work with our partners to address challenges associated with current economic conditions. In some cases, projects may need to be restructured to better match supply with demand and to ensure that the housing will continue to be sustained and recapitalized over the long term.

Perhaps the most important measure of success of our privatization program has been the level of satisfaction on the part of the housing residents. To gauge their satisfaction, we used customer survey tools that are well established in the marketplace. As shown in the following chart, the customer surveys indicate a steady improvement in member satisfaction after housing is privatized.



Unaccompanied Housing

Our budget request includes over \$700 million in funding for the construction of unaccompanied housing to support single sailors and marines. This includes over \$600 million of funding to support requirements associated with the Marine Corps “Grow the Force” initiative and to continue implementation of the Commandant of the Marine Corps program to construct sufficient housing so that no more than two single marines are required to share a sleeping room. The budget request also includes \$75 million to support the Chief of Naval Operations commitment to achieve the Navy’s “Homeport Ashore” objective by 2016.

The following are areas of emphasis within the Department regarding housing for single sailors and marines:

—*Provide Homes Ashore for Our Shipboard Sailors.*—The Homeport Ashore initiative seeks to provide a barracks room ashore whenever a single sea duty sailor or is in his or her homeport, so they need not live on the ship. The Navy has made considerable progress towards achieving this goal through military construction, privatization, and intensified use of existing barracks capacity. The Chief of Naval Operations is committed to providing housing ashore for all junior sea duty sailors by 2016 at the Interim Assignment Policy standard (55 square feet of space per person). The Navy’s long term goal is to achieve the OSD private sleeping room standard (90 square feet per person).

—*Commandant’s BEQ Initiative.*—It is the Commandant of the Marine Corps’ priority to ensure single marines are adequately housed. Thanks to your previous support of this initiative, the Marine Corps will make significant progress toward fulfilling this priority. Milcon funding since fiscal year 2008 for the Marine Corps barracks initiative will result in the construction of approximately 19,800 new permanent party spaces at multiple Marine Corps installations. Your continued support of this initiative in our fiscal year 2011 proposal will allow us to construct an additional 5,000 new permanent party barracks spaces. With this funding we will stay on track to meet our 2014 goal. The fiscal year 2011 request for bachelor housing will provide 13 barracks projects at Camp Lejeune and Cherry Point, North Carolina, Twenty-Nine Palms, and Camp Pendleton, California, Hawaii, and Quantico, Virginia. We are also committed to funding the replacement of barracks’ furnishings on a 7-year cycle as well as the repair and maintenance of existing barracks to improve the quality of life of our marines. These barracks will be built to the 2+0 room configuration, as have all Marine Corps barracks since 1998. This is consistent with the core Marine Corps tenets for unit cohesion and teambuilding.

Unaccompanied Housing Privatization

The Navy has also executed two unaccompanied housing privatization projects using the pilot authority contained in section 2881a of title 10, United States Code. In March we cut the ribbon on the Pacific Beacon project in San Diego. Pacific Beacon includes 258 conveyed units targeted for unaccompanied E1–E4 sea duty sailors and 941 newly constructed dual master suite units targeted for E4–E6 sailors.

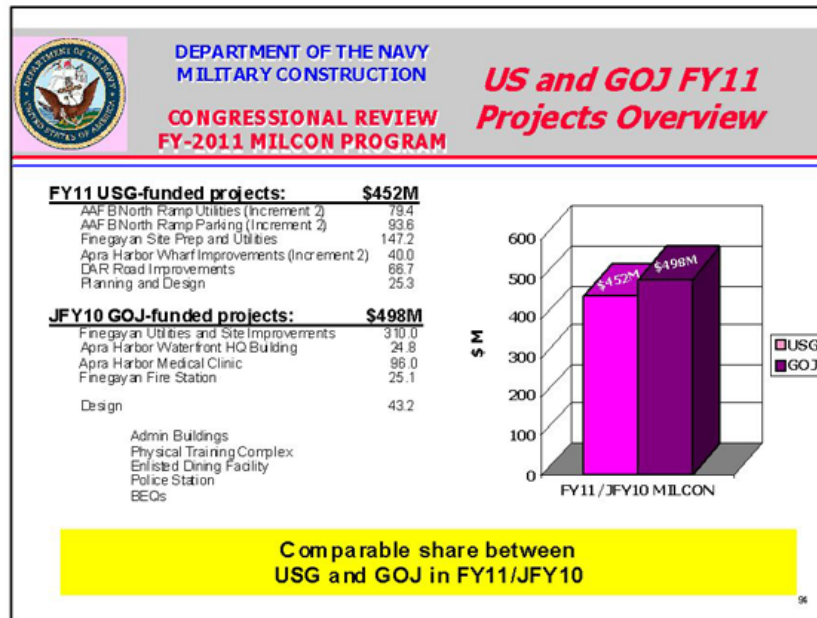
The second unaccompanied housing privatization project is in Hampton Roads (executed in December 2007) and included the conveyance of 723 units in seven buildings on Naval Station and Naval support Activity Norfolk and the construction of 1,190 dual master suite units. The last units are scheduled for completion in 2010.

With these two pilot projects, we have secured approximately \$600 million in private sector investment from approximately \$80 million of our funds, which represents a ratio of over seven private sector dollars for each taxpayer dollar.

Based on resident surveys, the residents of privatized unaccompanied housing at both San Diego and Hampton Roads are very satisfied with service received from the privatization partner as well as the condition of the units. San Diego won an industry award for excellence in providing customer satisfaction.

RELOCATING THE MARINES TO GUAM

The fiscal year 2011 budget request includes \$452 million to design and construct facilities in support of the relocation. The projects funded by this level of investment provide the horizontal infrastructure (utilities, site improvements, etc.) necessary to enable the vertical construction programmed for fiscal year 2012 and beyond. The Government of Japan, in its J-fiscal year 2010 budget (which runs April 1, 2010 through March 31, 2011) has requested a comparable amount of \$498 million and we expect to receive their contribution in June. The graph at left identifies the projects each funding stream constructs.



The Marine Corps relocation, along with other DOD efforts to realign forces and capabilities to Guam, represents a unique opportunity to strategically realign the U.S. force posture in the Pacific for the next 50 years. This is a major effort and one we must get right. The Department of Defense recognizes that the condition of Guam's existing infrastructure could affect both our ability to execute the program schedule and quality of life on the island. If the issues surrounding existing infrastructure and other major social issues impacting Guam are left unaddressed by the Federal Government in this strategic realignment, we risk creating disparity between conditions on- and off-base, losing the support of the people of Guam, and ad-

versely affecting our ability to achieve our mission. The Department of Defense is committed to ensuring this does not happen, and is leading the effort to coordinate an interagency “whole-of-government approach” to solve Guam’s many issues. Our strategy is to identify options that will support DOD missions, provide the widest possible benefit to the people of Guam, be technically and financially supportable by utilities providers and rate payers, and be acceptable to Government of Guam and regulatory officials. DOD recently held a meeting of the Economic Adjustment Committee (EAC) as recommended in a recent Government Accountability Office review, to discuss with Federal agencies and departments a plan for identifying and addressing Guam’s priority needs.

Construction capacity studies, assessments of socioeconomic impacts, and the development of the Environmental Impact Statement (EIS) have demonstrated that, in particular, Guam’s road network, commercial port, and utilities systems are in need of upgrades. DOD is contributing to funding upgrades to the island’s public roadways, bridges and intersections through the Defense Access Road (DAR) program. Road improvement projects have been certified by Transportation Command’s Surface Deployment and Distribution Command under the DAR program for fiscal year 2011, following up on the projects funded in fiscal year 2010. Existing deficiencies in the island’s road system and long-term traffic impacts due to the projected population increase are being considered in partnership between Guam Department of Public Works and the U.S. Federal Highway Administration. These efforts are occurring in parallel in order to ensure compatibility and mutual benefit to DOD and the Guam community.

The commercial port, which is vital to this isolated island community, has not undergone any major improvements since it began operations 40 years ago. The port requires near and long-term improvements to support the military buildup and future community growth. The Port Authority of Guam (PAG) and the U.S. Maritime Administration (MARAD) signed a memorandum of understanding to improve the port by developing an adequate master plan and implementation of a Capital Improvement Plan. These plans will develop the port into a regional shipping hub that will serve both military and civilian needs in the region in the long term. With recommended upgrades and improvements to materials-handling processes, the Port of Guam should be able to accommodate throughput to sustain the expected \$1.5–2.0 billion per year in construction volume. DOD, MARAD, PAG, the Government of Guam, and Federal agencies are currently working to identify a funding source which could support the near-term improvements required at the port.

Of the total \$6.09 billion Japanese commitment included in the Realignment Roadmap, \$740 million is for developing electric, potable water, sewer, and solid waste infrastructure in support of the relocating Marine Corps forces. Analysis of utilities options indicates that developing new, stand-alone systems will not be cost-effective. DOD is collaborating with Guam’s utilities providers to understand their needs and to determine the feasibility of water, wastewater, solid waste and power solutions that are mutually beneficial and acceptable to DOD, the civilian community and the regulatory agencies. We are actively working with Guam’s Consolidated Commission on Utilities and utilities providers (Guam Power Authority, Guam Water Authority), Guam EPA, and U.S. EPA to develop the best technical solutions for utilities systems and facilities. Specific to wastewater, Guam’s current system requires upgrades to both increase its capacity and to meet standards for primary and secondary treatment. These upgrades are critical enablers to the construction program and we are anticipating funding from Japan to meet these requirements. We are also working with the Department of Interior, U.S. EPA, and the Department of Agriculture on potential funding opportunities using a whole-of-government approach to addressing island-wide utilities solutions.

DOD’s Office of Economic Adjustment (OEA) has provided the Government of Guam with grants totaling more than \$10 million to support environmental, financial and planning studies; staffing; and community outreach programs.

We will seek to maximize opportunities for U.S. workers, including the existing workforce on Guam. Nonetheless, we recognize the potential for significant socioeconomic effects on Guam with the introduction of off-island workers who will support the construction program. In order to minimize negative effects, we worked closely with the Government of Guam, Federal agencies, and other stakeholders to develop requirements which would mitigate environmental and social impacts associated with the anticipated influx of off-island construction workers. Our acquisition strategy includes contract provisions requiring contractors to provide concrete, feasible plans and resources to mitigate potential socioeconomic impacts. In awarding construction contracts a workforce management plan, is one of three major technical factors in the source selection criteria.

Among the areas we are evaluating in the workforce management source selection criteria are management of medical, housing, dining, transportation, and security for workers, taking into account potential long-term positive side benefits that different solutions may have for the Guam community.

Environmental Impact Statement

As it is designed to do, the National Environmental Policy Act (NEPA) process and associated studies are helping us identify and address environmental issues and constraints and develop effective mitigation strategies. A key milestone to executing the realignment within the targeted timeframe is achieving a Record of Decision on a schedule that allows for construction to begin in fiscal year 2010. The target for a Record of Decision is August 2010. On November 20, 2009, we released the Draft EIS for public review with a 90-day comment period. This comment period, which was twice the amount of time required under NEPA, was used because we were committed to ensuring that all interested parties have full opportunity to review and provide comment on the DEIS. We realize there are significant and complicated issues that need to be studied in preparing the Final EIS and reaching a Record of Decision (ROD) on the realignment effort. We also recognize the interests of the public need to be protected. However, we remain on an aggressive schedule to finish the Final EIS by the summer of 2010, with ROD following. Other agencies have identified significant issues, including the potential long-term impacts to environmental resources, that we are analyzing along with all other comments received. To that end, we are currently analyzing all public comments including those received from other resource agencies and developing strategies for addressing concerns raised in the Final EIS. We are committed to developing effective and appropriate mitigation. Additionally, we will continue to meet with resource agencies as we have done throughout the development of the EIS to elevate and resolve several technical and policy issues. We will share with the Congress significant issues that emerge during the process of developing the final EIS.

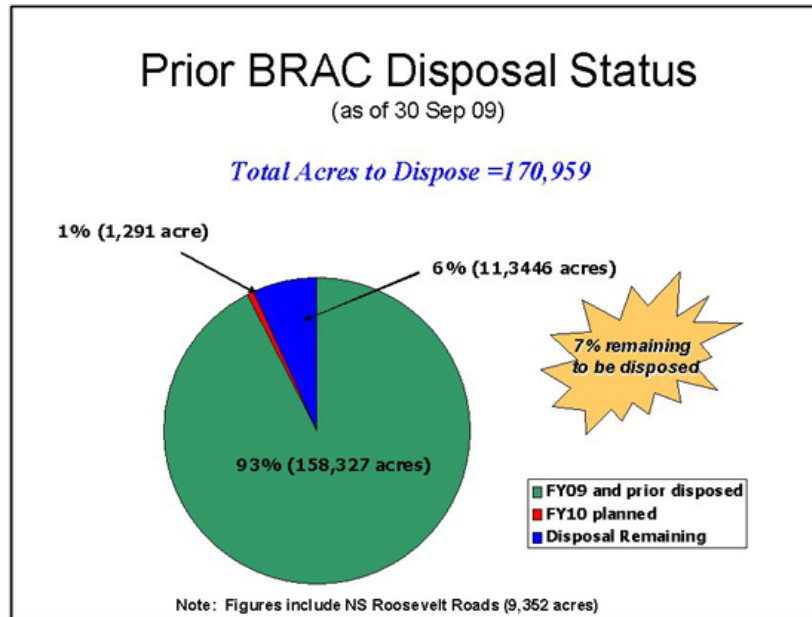
PRIOR BRAC CLEANUP AND PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic installation footprint and generating savings. All that remains is to complete the environmental cleanup and property disposal on portions of 16 of the original 91 bases and to complete environmental cleanup, including long term monitoring at 22 installations that have been disposed.

Property Disposal

We disposed of 154 acres of real property in fiscal year 2009, for a total of 93 percent of real property disposed in the first four rounds of BRAC. We continue to use the variety of the conveyance mechanisms available for Federal Property disposal, including the Economic Development Conveyance (EDC) that was created for BRAC properties. Of the real property the Department has disposed, 91 percent of this property was conveyed at no cost. From the remaining 9 percent of conveyed property, the Department has received over \$1.1 billion in land sale revenues. We have used these funds to accelerate environmental cleanup and were able to finance the entire DON Prior BRAC effort, from fiscal year 2005 through fiscal year 2008.

Future opportunities for land sale revenues, however, are very limited, and we continue our request for appropriated funds in fiscal year 2011. Our budget request of \$162 million will enable us to continue disposal actions and meet the minimum legal requirements for environmental clean up.



Prior BRAC Environmental Cleanup

The Department has now spent about \$4.3 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2009. Our remaining environmental cost to complete for fiscal year 2010 and beyond is approximately \$1.4 billion. This includes \$160 million cost growth which is due in part to additional munitions cleanup at Naval Air Facility Adak, AK and Naval Shipyard Mare Island, CA, clean up at Naval Station Roosevelt Roads, Puerto Rico, and additional long term monitoring program-wide. The increase is also associated with additional radiological contamination at Naval Station Treasure Island, CA, Naval Air Station Alameda, CA, and Naval Shipyard Mare Island, CA.

Naval Station Treasure Island, CA

We would like to highlight a breakthrough on negotiations for the EDC of Naval Station Treasure Island. Negotiations had been ongoing with the city since 2007. Due to the disparity of the DON and City valuations, many compensation options were reviewed to convey the property while still obtaining Fair Market Value (FMV). The Navy had previously offered deferred compensation and percentages of gross revenue. The city had offered profit participation subordinate to a guaranteed return to developers. With adoption of language in the fiscal year 2010 National Defense Authorization Act, Congress enacted new EDC language that allows flexibility in transfer terms for EDCs including accepting profit participation structures.

Utilizing this authority, we were able to announce in December that an agreement in principle was reached with the City of San Francisco to convey 996 acres of the former Naval Station Treasure Island. The agreement guarantees \$55 million to the Navy paid over 10 years with interest and an additional \$50 million paid once the project meets a return of 18 percent. Then after an additional 4.5 percent return to investors (22.5 percent total), the Navy would receive 35 percent of all proceeds. This deal represents a unique opportunity to spur development, while still providing a guaranteed payment to the Navy as well as a share in the benefit of what both the City and the Navy expect to be a successful redevelopment and job generating project.

The environmental cleanup of Treasure Island is nearing completion. Once the City finalizes California Environmental Quality Act documentation and approvals with the Board of Supervisors in late 2010 or early 2011, we will be in position for the clean transfer of more than 75 percent of the base. The remaining cleanup includes the continued treatment of two small groundwater plumes and removal of

low level radioactive contamination. These projects and the remaining transfer are expected to be complete well before the land is needed for subsequent phases of the redevelopment project.

BRAC 2005 IMPLEMENTATION

The Department has made significant progress during the past year, and to date has completed 253 of 488 realignment and closure actions as specified in our established business plans. A number of construction projects have already been completed or are well on their way. The PB 2011 budget request of \$342 million will enable us to continue outfitting buildings, realigning functions, and closing bases in accordance with our business plans. Although all 59 of Department of the Navy-led business plans have already been approved, four additional plans with Navy equity led by other services have been approved. Thus, the Department's BRAC 2005 Program is on track for full compliance with statutory requirements by the September 15, 2011 deadline.

Accomplishments

In total, the Department has awarded 105 of 117 BRAC construction projects with a combined value of \$1.8 billion. The final 12 projects worth approximately \$303 million are on schedule for award this year. Some noteworthy achievements include:

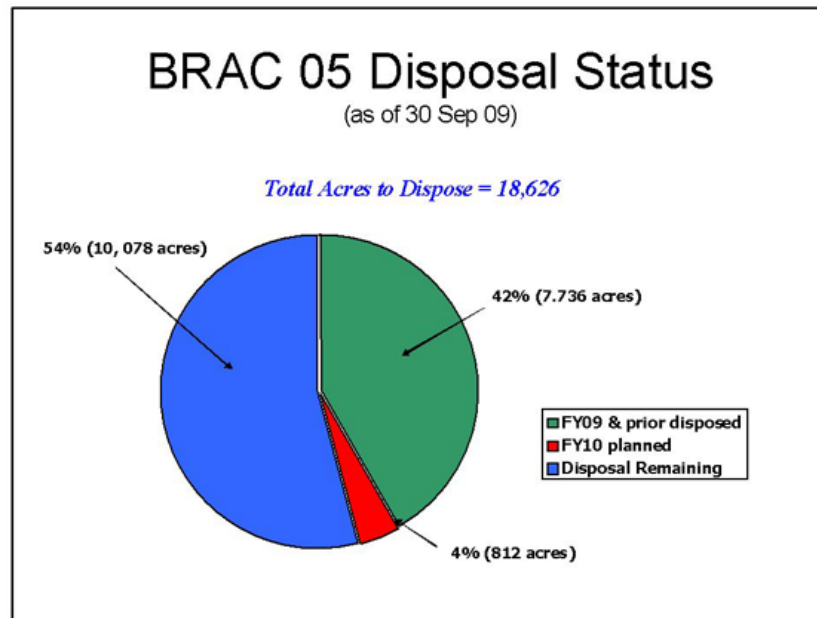
- Seven BRAC construction projects, programmed at \$211 million, have been awarded and are under construction at Joint Base McGuire-Dix-Lakehurst, NJ. This work supports the relocation of units, aircraft, and equipment from the closure of Naval Air Station Joint Reserve Base Willow Grove, PA. The Navy supported the full operational capability of Joint Base McGuire-Dix-Lakehurst and successfully transferred all Navy real property in September 2009.
- Construction projects valued at over \$100 million have been awarded to support the Consolidation of Correctional Facilities into Joint Regional Correctional Facilities. New level II (Medium Security) correctional facilities are being constructed at Miramar, CA and Chesapeake, VA and an addition to the Navy's Brig in Charleston, SC is underway.

Land Conveyances and Lease Terminations

By the end of fiscal year 2009, the Department disposed of 42 percent¹ of the property that was slated for closure in BRAC 2005. These disposal actions were completed via a combination of lease terminations, reversions, public benefit conveyances, and Federal and DOD agency transfers. Of interest for fiscal year 2009 is the complete disposal of Naval Air Station Atlanta. Thirty seven acres were returned to the Air Force and 107 acres were transferred to the Army for use by the Georgia National Guard. Last year we also disposed of the Navy Reserve Center in Orange, TX for use by the community as a port facility.

The most significant action we have planned for 2010 is the reversion of the main base at Naval Station Ingleside, TX. We have been working closely with the Port of Corpus Christi to complete this action by the end of April, when the base will operationally close, 5 months earlier than planned. The 2010 Plan also includes transfer of real property at Naval Air Station Brunswick, the Navy Marine Corps Reserve Center Tacoma, WA, the Inspector Instructor Facility Rome, GA, and the last parcel at Navy Reserve Center Duluth, MN.

¹The percent disposed is lower than stated last year as we added over 300 acres to the amount to be disposed due to property becoming available at NS Newport and completion of legal surveys over the past year.



Naval Support Activity New Orleans, LA

Construction for the new building that will house Headquarters, Marine Forces Reserve and Marine Corps Mobilization Command is well underway in the future Federal City. To support the closure of Naval Support Activity New Orleans and the relocation of base operating support and tenant activities to Naval Air Station Joint Reserve Base New Orleans, nine construction projects have been completed and another five are on-going.

Naval Air Station Brunswick, ME

The Department's largest BRAC 2005 operational action will close Naval Air Station Brunswick, ME, and consolidate the East Coast maritime patrol operations in Jacksonville, FL. The newly constructed hangar in Jacksonville, FL, completed in May 2009, is now home to all five relocated P-3 squadrons. It will also support the future transition to the P-8 Poseidon aircraft. Runway operations in Brunswick ceased in February 2010.

Naval Air Station Joint Reserve Base Willow Grove, PA

In 2007, legislation was enacted directing the Department to transfer Naval Air Station Joint Reserve Base Willow Grove, PA to the Air Force, who would then convey property to the Commonwealth of Pennsylvania for the operation of a Joint Interagency Installation. Since that time the Department and the Air Force have worked with the Commonwealth on the actions required to implement the transfer of real property.

In November 2009, Governor Rendell of the Commonwealth of Pennsylvania informed the Secretary of Defense that the Commonwealth would no longer pursue the Joint Interagency Installation because of fiscal constraints. Based on that decision, the closure of Naval Air Station Joint Reserve Base Willow Grove will follow the established reuse planning process. To that end, the Department has initiated Federal Screening with other DOD and Federal agencies and is working with the LRA, Horsham Township, on its reuse planning efforts.

Joint Basing

All four Joint Base Memorandums of Agreement (MOAs) where the Department is the lead component have now been approved. The MOA for each joint base defines the relationships between the components, and commits the lead component to deliver installation support functions at approved common standards. Resources including funding, personnel, and real property transfer to the lead component. The

MOAs are reviewed annually for mission, manpower, and financial impacts and any needed resource adjustments. Joint Basing has two implementation phases. Phase I installations—Little Creek-Fort Story and Joint Region Marianas—reached full operational capability in October 2009, and Phase II installations—Anacostia-Bolling and Pearl Harbor-Hickam—are planned for October 2010.

Environmental Cost To Complete and Financial Execution

The Department's remaining environmental liabilities for BRAC 2005 are substantially less than in previous rounds of BRAC given the relatively few number of closures, the absence of major industrial facilities, and the extensive site characterization, analysis, and cleanup that has occurred over the last several decades. Over the last year, we spent \$8 million in cleanup at BRAC 2005 locations. The majority of this funded environmental activities at Naval Air Station Brunswick, ME and Naval Weapons Station Seal Beach Detachment Concord, CA. Our remaining environmental cost to complete for fiscal year 2010 and beyond is \$103 million.

The Department is achieving an execution rate of our fiscal year 2006–2009 funds of nearly 90 percent. We have realized bid savings on some construction projects and have primarily used these savings to offset other construction project increases.

Challenges

We are scheduled to meet the September 15, 2011 deadline and will continue to manage ongoing construction, outfitting and relocation efforts closely. Many of our construction projects require either special certifications or accreditations before occupancy to include DOD Explosive Safety Board approvals, accreditation of correctional facilities or certification of Sensitive Compartmented Information Facilities within constructed facilities.

We plan to continue to work closely with the other military services and defense agencies on complex relocation actions that require close coordination. While they remain on track for timely completion, we must maintain effective and continuous coordination to succeed.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

While our investment in infrastructure continues at a record breaking level, the Naval Facilities Engineering Command (NAVFAC) has demonstrated its ability to accomplish the program, and more. The Command's execution rate for fiscal year 2009 was nothing short of phenomenal; particularly considering it awarded the majority of the additional \$1.8 billion American Recovery and Reinvestment Act program by the end of the calendar year while maintaining an execution rate of 90 percent for the regular program. Only 10 ARRA projects remain to be awarded, including the new Naval Hospital at Camp Pendleton, CA.

NAVFAC has a comprehensive acquisition strategy for executing the Guam realignment program, with plans to award three separate small business Multiple Award Construction Contracts (MACCs) and two MACCs for unrestricted competition. A Small Business MACC will be awarded this Spring, a Small Business 8(A) MACC will be solicited in March, and a HUBZONE MACC has been awarded. Additionally, there will be an unrestricted competitively bid MACC for U.S. funded projects, with another MACC planned for Japanese funded construction. Using smart acquisition strategies and leveraging resources across the enterprise, NAVFAC is fully capable of meeting the demand for its services.

CONCLUSION

Our Nation's Sea Services continue to operate in an increasingly dispersed environment to support the Maritime Strategy and ensure the freedom of the seas. We must continue to transform and recapitalize our shore infrastructure to provide a strong foundation from which to re-supply, re-equip, train, and shelter our forces. With your support of the Department's fiscal year 2011 budget request, we will be able to build and maintain facilities that enable our Navy and Marine Corps to meet the diverse challenges of tomorrow.

Thank you for the opportunity to testify before you today. I look forward to working with you to sustain the war fighting readiness and quality of life for the most formidable expeditionary fighting force in the world.

Senator HUTCHISON. General Payne.

General PAYNE. Senator, in that you have our written statement, I just want to thank you for your steadfast support and the opportunity to be here today. And I look forward to your questions.

Senator HUTCHISON. Thank you.

General PAYNE. Yes, ma'am.

Senator HUTCHISON. Admiral Mossey.

Admiral MOSSEY. Senator, I would echo what General Payne said. Thank you for the subcommittee's support and I am ready to answer any questions you may have.

GUAM

Senator HUTCHISON. Okay. I think I am going to focus on Guam because that is clearly, I think, the most current issue that we have.

Mr. Natsuhara, last year Congress provided \$300 million for the Guam relocation project, and this year's request is \$452 million. Are the fiscal year 2010 projects currently on hold?

Mr. NATSUHARA. We are currently waiting until the EIS is completed. We are not able to move forward until the record of decision is signed and that is scheduled for the end of this fiscal year, and then we plan on executing our fiscal year—the previous money, the fiscal year 2010 money.

Senator HUTCHISON. Okay. Let me talk to you, General Payne, about the status of the site for the preferred training range and what is the status of that. And just in general—I think it is clear from the earlier panel as well—is there any kind of alternative being looked at by the marines, either the full 8,000 movement of marines, or is there anything that is being looked at in any kind of a lesser footprint in Guam?

And if you do not get the preferred training range, would that also require you to look at other alternatives? And what are your plans or contingency plans, I guess I should say?

General PAYNE. Yes, ma'am. As Mr. Mitchell said, a lot of alternatives were looked at before. But we are where we are now. I think your question is very pertinent in that based on what we know now, what are we doing, if I interpret your question correctly.

Over the last year, we did take a very hard look at Korea and the viability of positioning marine forces there, and we looked at putting a small marine air/ground task force [MAGTF] there and the pros and cons of that. And we came away with the conclusion that Guam is far and away our preferred alternative.

That said, should for some reason we run into insurmountable issues on Guam, we must then reexamine the size of the marine force. We have begun discussing it, but quite frankly, we are not very far along in that analysis because we, at this juncture, are still confident that we can work through some of these issues on Guam and get to the preferred lay-down, which would be a little over 8,000 marines and a robust MAGTF capability.

Senator HUTCHISON. Could you give me a couple of the major points that you determined Korea would not be as helpful to the marines or as desirable as that full footprint on Guam?

General PAYNE. I can give you what from my position it appeared to be the case. However, I must qualify it to the extent that I was not heavily involved in that analysis because my main emphasis is the installation side and the environmental side as opposed to the operational. And there were concerns with both.

The cost of the lay-down of marine forces was certainly substantial on Korea, as it will certainly be anywhere in the Pacific. So there was not a——

Senator HUTCHISON. More so than Guam where we already are going to have the investment in the forward basing in the south of Korea?

General PAYNE. We would not have as extensive, certainly, infrastructure issues on Korea as we are dealing with with Guam, and that is absolutely true. The actual bases themselves and the ranges would be pretty comparable. However, we felt that from just a pure strategic, forward positioning standpoint, Guam was certainly preferable. It provided more flexibility in a better location. There was some concern with Korea as to training availability in competition with the Army. There was some concern with how flexible it would be to move forces off of Korea for other exercises and support and contingency in the Pacific.

But the Marine Corps does need to continue to explore other alternatives, just in case our preferred alternative, which is Guam, runs into problems.

I think your second question was with respect to training ranges. On Guam, our plan is to have small-unit and individual skills training, essentially pistol, rifle, machine gun type training. The crew served weapons training and indirect fire ranges at this point we hope to position on Tinian and possibly Pagan Islands in the Northern Marianas. We have not had an opportunity to do the extensive environmental study of Tinian, both with respect to the ranges and the air space availability, but that would be the next step.

Should we run into obstacles with respect to training, that too would be just a gigantic constraint relative to positioning marines on Guam or in the Northern Marianas. Absolutely.

Senator HUTCHISON. Okay. Those were the major questions that I had. I really thank all of you for coming. Is there anything that you would wish to add?

ADDITIONAL COMMITTEE QUESTIONS

If not, the questions that I asked for the record of the previous panel would be due March 30 to the subcommittee chairman.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO ROGER M. NATSUHARA

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

ENERGY

Question. As you noted in your written testimony, Secretary Mabus has set a goal of having 50 percent of the Navy's shore-based energy come from renewables by 2020.

What percentage of shore-based energy currently comes from renewables?

Answer. Under the 2010 National Defense Authorization Act definition, renewable energy as a percentage of total energy, the Navy renewable energy source contributions totaled to 11 percent of our total reportable shore energy consumption.

Question. Do you have a plan in place and an investment strategy in the FYDP to achieve the 50 percent goal by 2020?

Answer. The Navy submitted the President's fiscal year 2011 budget (PB11) to the Office of the Secretary of Defense prior to the Secretary of the Navy (SECNAV) announcement of his Energy Goals for 2020 in October 2009; as such, the SECNAV Energy Goals were not considered in the PB11 program.

Question. A disruption of the commercial power grid poses a serious threat to critical military base operations. What is the Navy doing in terms of infrastructure to address this security threat?

Answer. The threat of commercial power supply disruption is considered within Secretary Mabus' 2020 energy goals. The Navy has a three-tiered approach to Energy Security for the future:

- Improve energy grid resiliency and ability to control demand-side load control inside our fence lines.
- Improve the backup and redundant energy systems to ensure reliable energy to our critical infrastructure even in the event of an extended grid failure.
- Work with utility providers to ensure the Navy is in the best possible position for reliable energy in the near-term, and positioned to integrate fully with a National "Smart Grid" in the long-term.

GUAM

Question. Last year Congress provided \$300 million for the Guam relocation project, and the request this year is for \$452 million.

Are the fiscal year 2010 projects currently on hold?

Answer. No, the fiscal year 2010 projects are not on hold. Designs are progressing or complete, with the construction acquisition phase scheduled to start over the next 3 months. These projects will be awarded after the Record of Decision (ROD) on the proposed action is signed.

Question. What is the earliest that the fiscal year 2010 funds could be obligated?

Answer. Construction awards are currently projected for the post-ROD timeframe (September 2010), the earliest that fiscal year 2010 funds could be obligated.

Question. If the projects can go forward then, could the Navy execute them by the end of the fiscal year?

Answer. Our acquisition plan has us awarding all fiscal year 2010 projects within fiscal year 2010 contingent upon the signing of the ROD as stated above.

Question. On that schedule, could the Navy execute the full \$752 million by the end of fiscal year 2011?

Answer. Three of the fiscal year 2011 projects are the second increment of fiscal year 2010 projects and the funds will be obligated soon after receipt. The remainder is proceeding in the design phase with awards scheduled for no later than third quarter fiscal year 2011.

Question. Commercial port improvements are crucial to the Navy's construction program on Guam, but an anticipated DOT stimulus grant to do the work recently fell through. How does the Navy plan to address this problem?

Answer. The Administration has requested Congress to grant the Department of Defense authority to transfer up to \$50,000,000 of expiring fiscal year 2010 funds to the Department of Transportation's Port of Guam Improvement Enterprise Fund, established in the fiscal year 2009 National Defense Authorization Act (Public Law 110-417, section 3512). This funding, in conjunction with a matching loan from USDA, would enable the Maritime Administration (MARAD) to make improvements to the port.

QUESTIONS SUBMITTED BY SENATOR JACK REED

Question. Rhode Island faces the Nation's third highest unemployment rate at 12.7 percent and a recession that hit earlier than any other State. Indeed, many highly skilled workers in the construction industry cannot find work.

I continue to support efforts to revitalize Navy infrastructure, including projects at Naval Station Newport. Rhode Island contractors have expressed frustrations in terms of their ability to effectively compete for this work. Information provided at my request by the Navy has demonstrated that a large number of Navy construction projects in Rhode Island are going to out-of-State firms.

To your knowledge, are other States experiencing this situation?

Answer. We have had, and answered, concerns from Connecticut, Illinois and Arizona.

Question. What steps are you taking to ensure that there is ample competition for these projects that includes in-State firms?

Answer. To ensure ample competition for projects, the Naval Facilities Engineering Command (NAVFAC) publicizes contract solicitations in accordance with Fed-

eral Acquisition Regulations (FAR). We also set aside as much work as possible for small business, based on the acquisition strategy prepared in accordance with the Competition in Contracting Act of 1984 and the Federal Acquisition Regulations. While these small business set-asides lend themselves to attracting local firms, law and regulations do not allow the Navy to restrict competition by State residency of firms.

Question. How do you ensure that there is sufficient notification of open solicitations?

Answer. We ensure sufficient notification by following FAR Part 5—Publicizing Contract Actions, which requires the Contracting Officer to publicize proposed contract actions expected to exceed \$25,000 at a Government-wide point of entry (GPE). The notices are published at least 15 days before issuance of a solicitation. The GPE utilized by the Navy includes Navy Electronic Commerce Online (NECO) which has a direct link to Federal Business Opportunities (FEDBIZOPPS). Information for additional opportunities can also be found on the NAVFAC Small Business Web site, <https://smallbusiness.navy.mil>.

Question. What initiatives are available to help in-State firms learn about and better compete for contracts? What support or technical assistance can you offer to firms in my State?

Answer. NAVFAC holds various conferences throughout the United States which provide assistance and information to all types of firms about contracting opportunities and the necessary resources to compete for NAVFAC contracts. Many of these conferences are targeted to small business firms and NAVFAC will initiate a similar type of conference for the Rhode Island area.

Question. President Obama issued Executive Order 13502 encouraging executive agencies to consider the use of Project Labor Agreements (PLAs) in connection with large-scale construction projects.

I support this effort because it promotes the efficient administration and completion of Federal construction projects. It would also make sure workers are being treated fairly in terms of wages and benefits during these difficult economic times.

What efforts have you taken to implement this Executive Order?

Answer. Naval Facilities Engineering Command (NAVFAC) is prepared to implement the Executive Order as appropriate, pending the regulatory publication of Department of Defense or Department of Navy supplemental guidance now that Federal Acquisition Regulation (FAR) implementing rules were published on April 13, 2010.

At the request of the Office of the Secretary of Defense and Deputy Assistant Secretary of the Navy (Acquisition & Logistics Management), NAVFAC provided panel members for the Office of Management and Budget (OMB) PLA Steering Committee, which has been working to assist in the FAR process. These subject matter experts identified challenges and suggested solutions for inclusion in the FAR rule that now provides guidance mechanisms for implementing project labor agreements in the Federal sector.

Additionally, the NAVFAC Labor Advisor has initiated meetings with the AFL-CIO, Building and Construction Trades Department, to discuss possible mechanisms for establishing PLA requirements as a part of the acquisition process and to explore the feasibility of a PLA on specific projects.

Question. Secretary Mabus has set important goals for the Navy to improve energy efficiency and to increase the use of renewable energy sources.

You are, I think, promoting the use of renewable energy resources largely to help the Navy to control its own energy supply and operate independently and securely. Still, there is the potential to share surplus resources with the civilian grid.

How are you managing the interconnection between Navy installations and the civilian grid generally? Are you looking at how surplus “green” power can be shared, even sold, on the civilian side?

How are you coordinating with the States and other Federal agencies (including the President’s Ocean Policy Task Force, NOAA, the Minerals Management Service, and others) to appropriately site offshore renewable energy projects?

Answer. When the Navy develops large renewable projects we typically require the contractor to own and operate the project. In those cases where the size of the project exceeds the requirements of the installation, we authorize the contractor to sell power to the grid. The contractor is responsible for interaction with the utility companies and compliance with all transmission access requirements.

Navy has not entered into any offshore projects to date. We are actively participating in a number of interagency forums with the Department of Energy, the National Oceanic and Atmospheric Administration, the Federal Energy Regulatory Commission, and the U.S. Coast Guard, particularly with respect permitting and site issues.

QUESTIONS SUBMITTED TO MAJOR GENERAL EUGENE G. PAYNE

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

Question. What is the status of acquiring the site for the preferred training range on Guam?

- Do you believe that Tinian would be a suitable alternative?
- How would it impact training if the Marines cannot use the proposed range on Guam?
- Are there any alternative training ranges on Guam?
- If the Marine Corps cannot obtain the preferred training site on Guam, is the Guam relocation still a viable option for the Marines?

Answer. No Department of Defense decision has been made regarding the alternatives presented in the Draft Environmental Impact Statement (EIS). It is important that the EIS process be allowed to continue without any pre-determination on any particular alternative. It is important to note that the realignment of U.S. forces to Guam is intended to provide a long term posture that benefits both U.S. security interests as well as the people of Guam. Our land acquisition will use the minimum amount of land needed to support readiness and quality of life, ensure that we are good neighbors, minimize the need for marines and dependents to drive on roads and impact the local communities, and ensure good stewardship of any cultural or historical sites. Without the acquisition of additional land, the challenges with future growth and encroachment will become more difficult to fix over time and would have a greater impact to the local communities.

- Tinian is currently planned to support larger-force training events involving up to 400 marines. The training planned for Guam is the type of training that marines will conduct on a daily/near-continuous basis. The types of ranges being planned for on Guam support basic, individual skills—those essential warfighting skills that make us marines—that all marines are required to use on an annual basis, at a minimum, for readiness sustainment. Based on the frequency of range use, the number of marines relying on these ranges for annual qualifications and the enduring presence the Marine Corps intends to have on Guam, we have determined that it is more cost effective to build certain ranges at the location where marines live and work. These ranges would be used on a near continuous basis, and the 115-mile transit to Tinian would be beyond the Marine Corps local tactical lift capability. Additionally, the ranges currently planned on Tinian (under the current draft EIS) do not support medium or heavy caliber rounds as required for the multi-purpose machine gun range nor does it provide for the required special use airspace. Finally, building the required ranges on Tinian would require significant construction, infrastructure, and permanent basing of support personnel.
- The Marine Corps is interested in the Route 15 lands to best maximize training efficiencies, limit the amount of road travel by military vehicles, and provide sufficient range design flexibility while ensuring long-term utilization of the land. Numerous directives dictate USMC range design and construction (size, distance, orientation, safety buffers). Further, training and readiness requirements stipulate which training must be conducted prior to conducting subsequent training. To comply with the requirements it is prudent to travel to a consolidated area which allows centralized movement from one range to another thereby reducing the need to travel large distances over the roads. As a result, marines are able to train more efficiently which results in less needed range time and therefore less of an impact on the communities surrounding the ranges. A solution other than a consolidated training area would be counter to these efforts.
- The Draft EIS considered multiple alternative training ranges; however, they were dismissed for various reasons. The Marine Corps requires greater training capabilities than are currently available on Guam, particularly in terms of live-fire ranges. As studied in the Draft Environmental Impact Statement, the needs for different types of live-fire ranges are best configured in a consolidated range complex.
- Finegayan was dismissed by the Government of Guam as a potential live-fire training location because the Surface Danger Zones would extend into the western coastal waters, making them unusable to water traffic and impacting tourism near Tumon.
- Tarague beach was dismissed as a potential live-fire training location because the lack of available acreage to fully accommodate the required Surface Danger Zones.

- Ritidian was dismissed as a potential live-fire training location because there is simply not enough acreage at Ritidian to safely build the types of firing ranges required for Marine Corps training. Furthermore, the Fish and Wildlife Service Property at Ritidian is part of a larger environmental preserve that extends south to NCTS Finegayan.
- We cannot construct live-fire ranges in the Naval Munitions Area for three reasons. First, the rolling terrain is too severe to grade for a live fire range. Second, the explosive safety arcs are active daily due to ammunition operations and the arcs overlap almost the entire munitions area. Third, round impacts could create lead and phosphorous contamination of the Fena Reservoir due to rain run-offs and potentially harm the reservoir which supplies fresh water to the lower half of Guam.
- A Marine Corps title 10 requirement is to ensure that its marines are properly trained. The land use for live-fire training identified in the Draft Environmental Impact Statement was the best solution to meet Marine Corps training requirements and throughput needs. Several land use options were identified but quickly dismissed because of safety, noise, or environmental concerns. Live-fire training ranges on Guam are required to sustain individual skills readiness for marines stationed there. The best long-term land use for live-fire training ranges involves the acquisition of public lands along Route 15 to ensure safety and minimal impact to the local community and environment. Given the rationale for dismissing the alternative training areas, without the acquisition of public lands along Route 15, the Marine Corps would not have the ability to maintain readiness of those forces on Guam and create risk in meeting Combatant Commander requirements with forward postured forces.

Question. It appears that several different sites are now being considered for the Futenma relocation on Okinawa. Has the Marine Corps considered other sites on Okinawa, and do you believe there are viable alternatives to the current plan?

Answer. The current Futenma Replacement Facility (FRF) plan is a result of several years of bilateral planning culminating in what was agreed to be the best answer for both parties. The GoJ has not made any formal proposals for alternate options, nor have they formally identified what is wrong with the current Agreed Implementation Plan (AIP). We continue to honor the AIPs and will respect the GoJ's processes of policy review. However, it is the USMC position that any FRF option the GoJ may present must provide the same or better capability of the current FRF plan.

Question. Is the Marine move to Guam contingent on the Futenma relocation?

Answer. As negotiated in the 2006 AIPs and reiterated in the February 2009 International Agreement, the relocation of marines from Okinawa to Guam is dependent on "tangible progress" toward completion of the FRF. The Marine Corps and Department of Defense position is that any Marine realignment must retain an aviation capability on Okinawa to support III MEF. That is why there is specific language to ensure a suitable replacement for Marine Corps Air Station Futenma, which will enable the relocation to Guam, and ultimately enable the return of bases back to the Government of Japan.

QUESTION SUBMITTED TO REAR ADMIRAL CHRISTOPHER J. MOSSEY

QUESTION SUBMITTED BY SENATOR TIM JOHNSON

Question. The fiscal year 2011 budget request includes three major Milcon energy projects for the Marine Corps.

Outside of ECIP, are there additional major Milcon energy projects programmed for the Navy and Marine Corps in the FYDP? If so, please identify those projects and the years in which they are programmed.

Answer. The PB11 Milcon program contains the following Energy Security and Energy Efficiency improvement Milcon projects:

- P-603, Shore Power to Ammo Pier, NAVMAG Indian Island, WA (fiscal year 2015);
- P-400, Replace North LP Electrical Distribution System, PACMISRANFAC Hawaiian Area (fiscal year 2015);
- P-393, Replace Wastewater Treatment Plant, NAS Fallon, NV (fiscal year 2015); and
- P-844, Upgrade Shore power for CAX Pier, CAD-A, NAVWEPSTA Yorktown, VA (fiscal year 2015).

SUBCOMMITTEE RECESS

Senator HUTCHISON. So with that, we are recessed and I thank you very much.

[Whereupon, at 11:19 a.m., Tuesday, March 23, the subcommittee was recessed, to reconvene subject to the call of the Chair.]